Solvency and financial condition report 2016

Standard Life Group

Standard Life

Contents

The Solvency and financial condition reports for the Group and its subsidiaries are available on our website **www.standardlife.com/sfcr**

The Annual report and accounts 2016 is also available on our website **www.standardlife.com/annualreport**

This document may contain certain 'forward-looking statements' with respect to Standard Life's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. For example, statements containing words such as 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'pursues', 'seeks', 'targets' and 'anticipates', and words of similar meaning, may be forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and circumstances which may be or are beyond Standard Life's control, including among other things: UK domestic and global political, economic and business conditions (such as the United Kingdom's exit from the European Union); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of competition; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; default by counterparties; information technology or data security breaches; natural or man-made catastrophic events; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities; 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. These 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, strategy and expectations set forth in the forward-looking statements. Persons receiving this document should not place undue reliance on forward-looking statements. Standard Life undertakes no obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make. Past performance is not an indicator of future results and the results of Standard Life in this document may not be indicative of, and are not an estimate, forecast or projection of, Standard Life's future results.

Summary

This document sets out a Solvency and financial condition report for Standard Life Group (the Group or Standard Life) for 2016, to satisfy the requirements of Solvency II.

The purpose of the report is to assist policyholders and other stakeholders to understand the capital position under Solvency II of Standard Life as at 31 December 2016.

On 1 January 2016, the Solvency II regulatory regime came into force for insurers across the European Union (EU). Under Solvency II, every insurer is required to identify its key risks – e.g. that equity markets fall – and hold sufficient capital to withstand adverse outcomes from those risks. The capital required to withstand these outcomes is the Solvency II 'solvency capital requirement', or SCR. The SCR is calibrated so that the likelihood of a loss exceeding the SCR is less than 0.5% over one year. This ensures that capital is sufficient to withstand broadly a '1 in 200 year event'. The capital resources available to meet the requirements are called 'own funds'.

Standard Life and our peers hold capital in case things go wrong → Holding capital provides protection to our customers → Regulators require companies to hold certain capital levels

The main purpose of holding capital is to provide security to policyholders and other customers. The Group considers itself to be strongly capitalised under Solvency II rules, as own funds are significantly higher than the SCR as set out in Section c) of this summary.

a) Capital management policies and risk management objectives

Managing capital is the ongoing process of determining and maintaining the quantity and quality of capital appropriate for the Group and ensuring capital is deployed in a manner consistent with the expectations of our stakeholders. For these purposes, the Board considers our key stakeholders to be the providers of capital (our equity holders, policyholders and holders of our subordinated liabilities) and the Prudential Regulation Authority (PRA).

There are two primary objectives of capital management within the Group. As noted above, the primary objective is to provide security to policyholders and other customers. The second objective is to create equity holder value by driving profit attributable to equity holders.

The Liquidity and Capital Management policy forms one aspect of the Group's overall management framework. Most notably, it operates alongside, and complements, the Strategic Investment policy and other Group risk policies. Integrating policies in this way enables the Group to have a capital management framework that robustly links the process of capital allocation, value creation and risk management.

The capital requirements for each area of our business are forecast regularly, and the requirements are assessed against available capital resources. In addition, for all capital invested an assessment is made of the minimum acceptable return on the investment taking into account the associated risks. The capital planning process is the responsibility of the Chief Financial Officer. Capital plans are ultimately subject to approval by the Board.

b) Regulatory capital

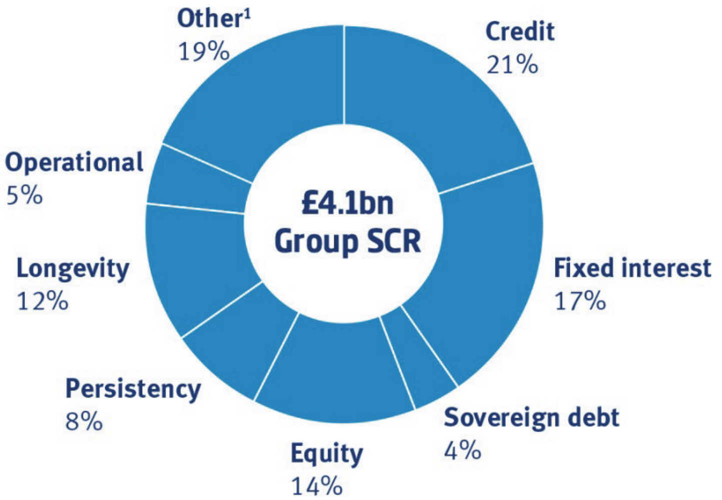
The Group's capital position under Solvency II is determined by aggregating the assets and liabilities of the Group recognised and measured on a Solvency II basis (being Group own funds) and comparing this to the Group's Solvency II SCR to determine surplus capital.

The Group's Solvency II SCR primarily consists of the consolidated Solvency II SCR for insurance entities (including Standard Life plc) whose SCR is calculated on the basis of management's own regulator-approved **internal model**. In addition, the Group's SCR includes Solvency II SCRs for other insurance entities whose SCR is calculated on the basis of the **standard formula** within the Solvency II regulations and the capital requirements of other regulated entities in the Group (including Standard Life Investments) that are set by their regulators. The Solvency II capital resources are also subject to minimum capital requirements (MCRs).

Internal model
Companies can model **features specific to their business**

Standard formula
Capital requirements are **formulaic**, with a common set of rules

Our solvency capital requirement reflects our well diversified set of risks as shown in the following diagram:



[1]Includes 8% from entities included under Solvency II standard formula and 3% from entities regulated under other regulatory frameworks

Risk	Arising from
Credit	Spread business, pension scheme, shareholder fund assets
Longevity	Spread business, pension scheme
Equity	Fee business, with-profits fund
Persistency	Fee business
Fixed interest	With-profits fund, pension scheme, fee business, spread business, shareholder fund assets

Surplus capital for individual entities is assessed for availability to the Group and therefore may be restricted when determining Group own funds.

The regulatory framework can be summarised as follows for the main regulated entities in the Group:

Standard Life Investments Limited	Standard Life Assurance Limited	Standard Life International DAC	Standard Life plc	Standard Life (Asia) Limited	Heng An Standard Life Insurance Company Limited	HDFC Standard Life Insurance Company Limited
BIPRU[1]	**Solvency II internal model**	**Solvency II standard formula**	-	**Local regime (Hong Kong)**	**Local regime (China)**	**Local regime (India)**
BIPRU[1]	Solvency II internal model	Solvency II standard formula	Solvency II internal model	Solvency II standard formula	Solvency II standard formula	Excluded

Entity level   Contribution to Group Solvency II position

[1]Prudential Source book for Banks, Building Societies and Investment Firms

This report focuses on the solvency and financial condition of the Group's regulated insurance businesses whose capital and solvency requirements are governed by Solvency II regulation. Further details on the contribution of the above entities to the Group's capital position are included in Section E.

c) Group capital surplus

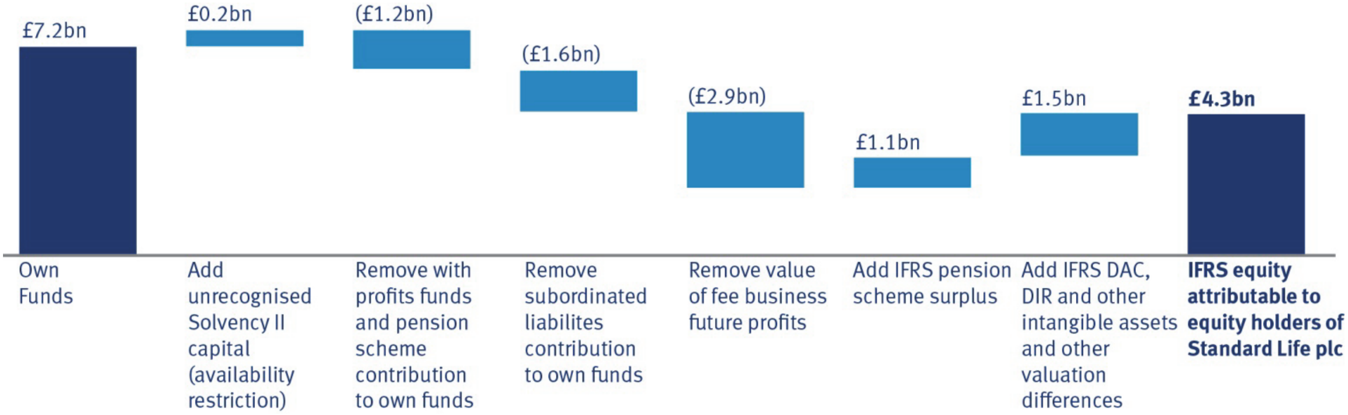
Our capital surplus is the amount of capital resources (referred to as own funds) that the Group holds in excess of its capital requirement. We are strongly capitalised with a Solvency II capital surplus of £3.1bn (2015: £2.1bn) representing a solvency cover of 177% (2015: 162%). The capital surplus excludes both £0.7bn (2015: £0.6bn) of defined benefit pension scheme surplus and £0.2bn (2015: £1.2bn) of other capital in subsidiaries that are not deemed to be freely transferrable around the Group. The £0.2bn of other unrecognised capital has reduced due to methodology and legislative changes, which is the primary reason for the increase in the Solvency II capital surplus compared to 2015. Under Solvency II regulations, the solvency cover percentage is diluted by the inclusion of £1.2bn (2015: £0.7bn) of capital requirements for with profits funds and our defined benefit pension scheme. These capital requirements are covered in full by capital resources in those funds.

	31 December 2016	1 January 2016
Own funds	**£7.2bn**	£5.5bn
Solvency capital requirement (SCR)	**(£4.1bn)**	(£3.4bn)
Solvency II capital surplus	**£3.1bn**	£2.1bn
Solvency cover	**177%**	162%

The Solvency II capital surplus of £3.1bn would change by £0.2bn or less following a:

- 20% rise or fall in equities, or
- 100bps rise or fall in fixed interest yields, or
- 50bps rise or fall in credit spreads, or
- 5% increase or decrease in mortality rates, or
- One-off surrender experience of 10%

The chart below provides a reconciliation of Solvency II own funds to IFRS equity attributable to equity holders of Standard Life plc:



As shown in the chart above:

- In determining own funds the asset recognised for a surplus in a with profits fund or a defined benefit pension scheme is restricted to their capital requirements
- Subordinated liabilities provide capital in Solvency II provided certain conditions are met
- The measurement of technical provisions in own funds reflects the value of future profits on investment fee business which are not included in the measurement of IFRS liabilities
- Certain items that are recognised as assets and liabilities under IFRS are not recognised as assets and liabilities in own funds, being the Group's deferred acquisition costs (DAC), deferred income reserve (DIR) and other intangible assets. Other valuation differences are mainly due to differences in the measurement of technical provisions for insurance business.

d) Format of the report and material changes

This report is prepared following the structure and headings set out in the Solvency II regulations. A brief outline of each section and details of any material changes in the year to 31 December 2016 are given below. Sections D and E are audited unless otherwise stated. For further details refer to the audit opinion.

Section A Business and performance This section gives details on how the Group's performance is reported and managed, including details of current year performance	Material changes in relation to business and performance during the year were: • IFRS profit attributable to equity holders from continuing operations increased to £368m (2015: £276m) due to a 9% increase in operating profit and reduced restructuring costs offset by a non-operating provision for annuity sales practices relating to the Financial Conduct Authority's enhanced annuity thematic review • In April 2016, we completed the transaction to increase our stake in HDFC Standard Life Insurance Company Limited (HDFC Life) from 26% to 35% for a consideration of Rs 1,706 crore (£179m) (this reduced Group Solvency II surplus by £0.2bn) • We acquired the Elevate platform on 31 October 2016, bringing a further £11.1bn of assets under administration to the business (the impact on Group Solvency II surplus was a reduction of less than £0.1bn)
Section B System of governance This section sets out the overall framework of policies, controls and practices we use to ensure we meet all of the requirements of sound, risk-based management.	Material changes in relation to system of governance during the year were: • We reviewed and revised the composition of the boards of our principal subsidiaries, Standard Life Assurance Limited (SLAL) and Standard Life Investments (Holdings) Limited (SLIH) • We established the Investment Committee to support the Board in its oversight role • We implemented the governance maps and processes to support the Senior Insurance Managers Regime (SIMR), which replaced the PRA Approved Persons Regime
Section C Risk profile This section sets out the material risks to which Standard Life is exposed and the techniques used to monitor and manage these risks.	Material changes in relation to risk profile during the year were: • The major political event for our business in 2016 was the UK's vote to leave the EU. We will be directly impacted by the outcome of the negotiations between the UK and EU, although the details may not be known for some time. We have a strong track record of successfully responding to changing circumstances and are ready to adapt our business as appropriate to any post-Brexit changes in regulations and markets.
Section D Valuation for solvency purposes This section provides information on the valuation of assets and liabilities for the Group's Solvency II balance sheet, with particular focus on how technical provisions are valued.	Material changes in relation to valuation for solvency purposes during the year were: • The approval by the PRA in November 2016 for a second matching adjustment portfolio, relating to certain annuities that were sold prior to The Standard Life Assurance Company's demutualisation in July 2006 (this increased Group Solvency II surplus by £0.2bn) • The recalculation of the transitional measure on technical provisions in June 2016, reflecting material changes in risk free rates, and again in December 2016 as a result of the matching adjustment approval in November (this increased Group Solvency II surplus by £0.3bn, which largely offset the adverse impact of the increased risk margin which arose from lower risk free rates)
Section E Capital management This section gives details on Standard Life's approach to capital management, the composition of Solvency II capital and details of the SCR and MCR.	Material changes in relation to capital management during the year were: • The change in the UK Companies Act in December 2016 which enabled most of the Solvency II surplus within SLAL to be recognised at Group level (unavailable capital has reduced from £1.2bn at 1 January 2016 to £0.2bn at 31 December 2016)

In addition to the above certain QRTs are included in Appendix 2. The Glossary at the end of the report defines the key terms and acronyms used throughout.

Parts of this document refer to sections of the Group's Annual report and accounts 2016, which is available to download from the Group's website **www.standardlife.com/annualreport**

Comparison of information with previous reporting periods is not required in this first report in accordance with the regulations.

e) Recommended all-share merger of Standard Life plc and Aberdeen Asset Management plc

On 6 March 2017 the boards of Standard Life plc and Aberdeen Asset Management plc (Aberdeen) announced that they had reached agreement on the terms of a recommended all-share merger of Standard Life and Aberdeen, to be effected by means of a court-sanctioned scheme of arrangement between Aberdeen and Aberdeen shareholders under Part 26 of the Companies Act 2006. Following completion of the merger, Aberdeen shareholders would own approximately 33.3% and Standard Life shareholders would own approximately 66.7% of the combined group on a diluted basis. On 9 May 2017, Standard Life published a prospectus and circular relating to the proposed merger and giving notice of a general meeting to take place on 19 June 2017. Completion of the merger is subject to regulatory, court, shareholder and other necessary approvals and if approved is expected to complete in Q3 2017.

A. Business and performance

A.1 Business

Established in 1825, Standard Life is a leading global provider of long-term savings and investments.

Standard Life plc is a holding company which is owned by its shareholders (including those eligible members who received and retained shares as a result of the demutualisation of The Standard Life Assurance Company). Standard Life plc is registered in Scotland and listed on the London Stock Exchange and therefore regulated by UK legislation (e.g. including the Companies Act 2006). As at 31 December 2016, there were 1,978,884,437 ordinary shares in issue held by 102,942 registered members. The Standard Life Share Account (the Company-sponsored nominee) held 746,304,323 of those shares on behalf of 1,060,964 participants. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. There are no direct or indirect holdings of 10% or more in the share capital of the Company at 31 December 2016. Further details of the Company's share capital and an analysis of registered shareholdings by size as at 31 December 2016, can be found in the Directors' report and the Shareholder information section of the Group's Annual report and accounts 2016 on page 54 and page 254 respectively.

As a provider of financial services, the regulation of the Standard Life Group is through the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The regulation of businesses based in other countries is via the local regulatory authorities of the relevant countries.

The Group supervisor is the PRA, 20 Moorgate, London, EC2R 6DA.

The Group's corporate governance framework supports the way the Company applies the principles of good governance in the UK Corporate Governance Code issued by the Financial Reporting Council.

The Group's External auditor is PricewaterhouseCoopers LLP, Atria One, 144 Morrison St, Edinburgh, EH3 8EX.

A list of the Group's related undertakings including the name, legal form, country and proportion of ownership interest held is set out in QRT S.32.01.22 *Undertakings in the scope of Group* in Appendix 2. This information is also summarised in Note 50 on pages 211 to 219 of the Group financial statements in the Group's Annual report and accounts 2016. The main intra-group transactions are transactions in relation to the provision of investment management services by the asset management business to insurance undertakings, the provision of staff and support from ancillary service undertakings to insurance undertakings, and equity investments in and dividends received from subsidiaries. Cash investments in subsidiaries by Standard Life plc during the year ended 31 December 2016 were £31m (2015: £44m) and were primarily to fund acquisitions. Cash investments into associates and joint ventures in 2016 were £177m (2015: £3m) relating to the HDFC Life stake increase discussed below. Dividends received from subsidiaries in 2016 were £457m (2015: £355m excluding dividends relating to the sale of our Canadian business). The increase in dividends received from subsidiaries includes approximately £50m related to capital released following the integration of Ignis Asset Management Limited.

Material changes in relation to business and performance during the year were:

- IFRS profit attributable to equity holders from continuing operations increased to £368m (2015: £276m) due to a 9% increase in operating profit and reduced restructuring costs offset by a non-operating provision for annuity sales practices relating to the Financial Conduct Authority's enhanced annuity thematic review
- In April 2016, we completed the transaction to increase our stake in HDFC Standard Life Insurance Company Limited (HDFC Life) from 26% to 35% for a consideration of Rs 1,706 crore (£179m)
- We acquired the Elevate platform on 31 October 2016, bringing a further £11.1bn of assets under administration to the business

A.1.1 Business units for internal reporting

Standard Life Group consists of four operating segments (business units):

- Standard Life Investments
- Pensions and Savings
- India and China
- Other (which primarily relates to corporate centre costs and head office related activities)

Within Standard Life Group, risk management is overseen by the Group Chief Risk Officer. For the Pensions and Savings segment and Standard Life Investments segment, risk is overseen by the Chief Risk Officers for the business unit.

The business units are supported by the corporate centre which sets strategy, policy and governance for the whole organisation. The Other segment incorporates assets and liabilities not attributable to the business units i.e. those in Standard Life plc holding company.

Each of the Group's business units consists of a number of legal entities which have their own board and structures appropriate for their roles. The boards of the entities are responsible for governing the entity. The executive teams of each business unit include the appropriate representation from each legal entity so that the boards of the entities are kept appropriately informed. See Appendix 1 for a simplified Group structure showing Standard Life entities which fall under respective business units.

Standard Life Investments
Standard Life Investments specialises in active asset management. Its key markets are in the UK, Europe, North America and Asia. It offers a wide range of investment solutions and funds, all supported by a distinctive investment philosophy *Focus on Change.*

Our investment funds and solutions are available to clients through two distribution channels. Our Institutional channel manages assets for a wide range of institutions, such as pension fund clients, government authorities, corporates, charities and insurance companies. Our Wholesale channel provides funds and solutions to retail investors through wholesale distributors and platforms.

We also provide active asset management services for life insurance books to the wider Standard Life Group and to strategic partners such as the Phoenix Group. Our associate business, HDFC Asset Management Company Limited (HDFC AMC), is a leading manager of mutual funds in India.

Pensions and Savings
Our Pensions and Savings business is a leading provider of long-term savings and investment propositions. It is primarily based in the UK, with operations in Ireland and Germany, and serves around 4.5 million customers and clients. Its main aim is to help people manage their money today and save for the future.

In the UK, through our Workplace channel, we offer pensions, savings and flexible benefits schemes to employees through their employers. Our Retail channel is a mix of intermediary relationships (financial advisers), direct customer relationships and our own financial planning business (1825).

Our mature book includes UK mature Retail as well as spread/risk products, such as annuities and protection. In Ireland and Germany, we offer savings and investment products to a variety of customers and clients.

India and China
Through a combination of associate and joint venture life businesses, we have extensive reach in the key savings markets in India and China. We also have a wholly owned business in Hong Kong. Across these businesses, we help to look after the life insurance needs of over 25 million customers.

HDFC Life, our associate business in India, sells individual and group life insurance policies via a network of around 400 branches as well as through a number of bancassurance relationships.

Heng An Standard Life Insurance Company Limited (HASL), our joint venture business in China, has 82 offices offering life and health insurance products on both a group and individual basis. Sales are predominantly made direct to customers and clients. HASL also maintains relationships with banks and insurance brokers.

We operate as Standard Life in Hong Kong, selling insurance and savings products via insurance brokers.

A.1.2 Scope of Group consolidation

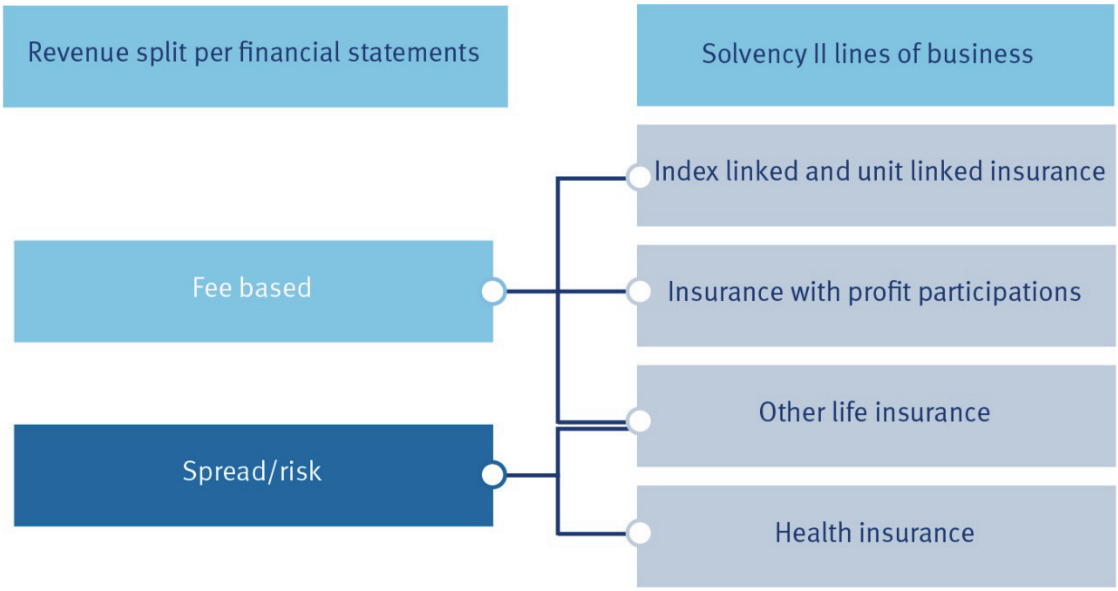
The basis of consolidation and accounting policy for associates and joint ventures in the Group's International Financial Reporting Standards (IFRS) consolidated financial statements are set out on pages 123 and 146 respectively of the Group's Annual report and accounts 2016. Appendix 1 sets out the Group structure by regulatory framework for major entities. Those entities consolidated on a line-by-line basis in accordance with Solvency II regulations are highlighted thereby showing the material differences between the scope of the Group for the IFRS consolidated financial statements and the scope of the Group for Solvency II purposes.

A.1.3 Lines of business

The Group's business is managed and reported in the consolidated financial statements in the Group's Annual report and accounts based on the four operating segments set out above in Section A.1.1. This section gives further information on the Pensions and Savings segment which contains all the material wholly owned insurance business.

The revenue of the Pensions and Savings segment is split between fee based business and spread/risk business.

The following diagram shows how the revenue split of the insurance business in the IFRS consolidated financial statements maps to the Solvency II defined lines of business.



Health insurance business is not material in the context of the Group's overall insurance business. Other life insurance mainly comprises annuity business which is reported within spread/risk.

Fee based business
The Group's fee based business is made up of products where we generate revenue primarily from annual management charges (AMCs), premium based charges and transactional charges. AMCs are earned on products such as SIPP, corporate pensions and mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the customer, with the shareholder's major indirect exposure to rising or falling markets coming from higher or lower AMCs. Fee business includes unit-linked and with profits business. A unit-linked policy is one where the benefits are determined by reference to a specified pool of assets. A with profits policy is one where, in addition to guaranteed benefits specified in the policy, additional bonuses may also be payable and includes unitised with profits business in the Heritage With Profits Fund (HWPF) and unitised business in the German With Profits Fund (GWPF). The existence of guarantees is a key consideration in the way we manage risk.

Spread/risk business
The Group's spread/risk business mainly comprises products where we provide a guaranteed level of income for our customers in return for an investment. The 'spread' in the title primarily relates to the difference between the guaranteed amount we pay to customers and the actual return on related assets over the period of the contract. Spread business consists of annuities and risk business consists of protection products.

A.1.4 Material geographical areas
We have offices in many of the world's financial centres and market locations. Our head office is in Edinburgh with key operations in London, Dublin and Frankfurt. We also have regional hubs in Boston and Hong Kong for asset management.

Our associate businesses in India, HDFC Life and HDFC AMC, are based in Mumbai. Our joint venture in China, HASL, operates out of Tianjin.

As noted above, the Pensions and Savings business is primarily based in the UK. Standard Life Assurance Limited (SLAL) also has branches in Ireland and Germany. The material geographical areas for our wholly owned insurance business are therefore UK, Ireland and Germany.

A.2 Underwriting performance
In this section of the report we are required to discuss underwriting performance, as shown in the Group's financial statements. Operating profit is a key metric used by our management to evaluate performance, and to explain the results of our business in our annual report and accounts. The Group therefore uses operating profit (before tax) as a measure of underwriting performance for our insurance business. In this section we discuss operating profit for the Group as a whole, with further analysis provided for insurance business.

Operating profit reporting provides further analysis of the results reported under IFRS and the Directors believe it helps to give shareholders a fuller understanding of the performance of the business by identifying and analysing non-operating items. Operating profit is a key performance indicator, and is consistent with the way that financial performance is measured by management and reported to the Board and executive management.

Operating profit excludes impacts arising from short-term fluctuations in investment return and economic assumption changes. Short-term fluctuations in investment return and economic assumption changes are discussed further in Section A.3. Operating profit also excludes the impact of the following items:

- Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Impairment of intangible assets acquired in business combinations
- Profit or loss arising on the disposal of a subsidiary, joint venture or associate
- Amortisation of intangibles acquired in business combinations and fair value movements in contingent consideration
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group

The following table shows operating profit by business segment reconciled to total performance (IFRS profit before tax) and profit after tax for the year:

	2016	2015		
		Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m
Operating profit/(loss) before tax				
Standard Life Investments	**383**	342	-	342
Pensions and Savings	**362**	357	-	357
India and China	**36**	27	(2)	25
Other	**(58)**	(61)	-	(61)
Canada	**-**	-	5	5
Operating profit before tax	**723**	665	3	668
Adjusted for the following items				
Short-term fluctuations in investment return and economic assumption changes	**8**	(63)	63	-
Restructuring and corporate transaction expenses	**(67)**	(115)	(10)	(125)
Impairment of intangible assets	**(19)**	(7)	(2)	(9)
Gain on sale of Canadian business	**-**	-	1,102	1,102
Provision for annuity sales practices	**(175)**	-	-	-
Other	**(21)**	(72)	(31)	(103)
Non-operating items	**(274)**	(257)	1,122	865
Singapore included in discontinued operations segment[1]	**-**	(42)	42	-
Share of associates' and joint ventures' tax expense	**(13)**	(13)	-	(13)
Profit attributable to non-controlling interests	**51**	62	-	62
Profit before tax expense attributable to equity holders' profits	**487**	415	1,167	1,582
Tax (expense)/credit attributable to				
Operating profit	**(127)**	(114)	-	(114)
Non-operating items	**59**	37	(20)	17
Singapore included in discontinued operations segment[1]	**-**	-	-	-
Total tax expense attributable to equity holders' profits	**(68)**	(77)	(20)	(97)
Profit for the year	**419**	338	1,147	1,485

[1] Singapore business, the closure of which was announced in June 2015 was included as a discontinued operation for segmental reporting purposes under IFRS 8 as this is reflective of the presentation of information provided to the Chief Operating Decision Maker. This was previously included in the Asia and Emerging Markets segment which has been renamed India and China. Under IFRS 5, Singapore does not constitute a discontinued operation and was included under continuing operations in the consolidated income statement. Therefore the pro forma reconciliation above includes the reclassification of Singapore results between discontinued and continuing operations.

A breakdown of operating profit before tax from continuing operations by operating segment is as follows:

31 December 2016	Standard Life Investments £m	Pensions and Savings £m	India and China £m	Other £m	Eliminations £m	Total operations £m
Fee based revenue	885	861	17	-	(112)	**1,651**
Spread/risk margin	-	134	-	-	-	**134**
Total operating income	**885**	**995**	**17**	**-**	**(112)**	**1,785**
Total operating expenses	(537)	(655)	(22)	(57)	112	**(1,159)**
Capital management	-	22	-	(1)	-	**21**
Share of associates' and joint ventures' profit before tax[1]	35	-	41	-	-	**76**
Operating profit/(loss) before tax	**383**	**362**	**36**	**(58)**	**-**	**723**

31 December 2015	Standard Life Investments £m	Pensions and Savings £m	India and China £m	Other £m	Eliminations £m	Total operations £m
Fee based revenue	843	808	38	-	(110)	**1,579**
Spread/risk margin	-	145	-	-	-	**145**
Total operating income	**843**	**953**	**38**	**-**	**(110)**	**1,724**
Total operating expenses	(532)	(610)	(36)	(56)	110	**(1,124)**
Capital management	-	14	-	(5)	-	**9**
Share of associates' and joint ventures' profit before tax[1]	31	-	25	-	-	**56**
Operating profit/(loss) before tax	**342**	**357**	**27**	**(61)**	**-**	**665**

1 Share of associates' and joint ventures' profit before tax comprises the Group's share of results of HDFC Standard Life Insurance Company Limited, Heng An Standard Life Insurance Company Limited and HDFC Asset Management Company Limited.

Fee based revenue

Fee based revenue increased by 5% to £1,651m (2015: £1,579m) driven by higher average asset levels, including the benefit of exchange rate movements. Average fee revenue yield remained broadly in line with the prior year.

Fee based revenue consists of £1,205m (2015: £1,096m) from growth channels and £446m (2015: £483m) from mature channels. We aim to increase our assets, revenue and profit via our growth channels. Growth channels comprise Standard Life Investments Institutional and Wholesale, UK Workplace and Retail, Europe (excluding Germany with profits), Standard Life Asia, Standard Life Wealth and Ignis. Mature books are expected to provide a stable and consistent contribution to our profit. This includes UK mature Retail, Standard Life Investments Strategic Partner Life books and spread/risk based business. It also includes the with profits business in Germany which closed to new business in April 2015.

Fee based revenue in the UK Pensions and Savings and Standard Life Investments growth channels increased by 11% and 9% respectively. This was partly offset by a £21m reduction in Hong Kong due to lower regular premium new business. Fee based revenue from our mature business reduced in line with expected outflows.

Spread/risk margin

Spread/risk margin, which mainly relates to income earned on annuities, decreased by £11m to £134m. 2016 includes a £22m benefit from an acceleration of payments from our main with profits fund relating to changes to the Scheme of Demutualisation in response to the transition to Solvency II. This was more than offset by a £26m reduction due to a number of other components including mortality experience in 2016 and new business profits. Although we had expected fewer asset and liability opportunities to exist in the low yield environment, we took advantage of a number of periods of market volatility to deliver a benefit of £25m (2015: £30m).

Operating assumption and actuarial reserving changes provided a benefit of £42m (2015: £44m), primarily relating to future longevity assumptions.

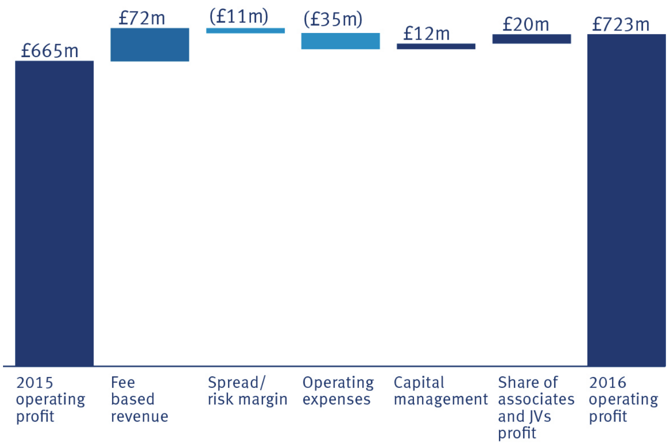
Operating expenses

Operating expenses increased by 3% to £1,159m (2015: £1,124m) reflecting further investment in expanding the distribution and global reach of Standard Life Investments, building scale in the 1825 business, the acquisition of Elevate, ongoing investment in technology in our Pensions and Savings business and the impact of exchange rate movements.

Group operating profit before tax

Operating profit before tax increased by £58m to £723m, driven by higher fee revenue in our growth channels. Capital management increased by £12m to £21m largely due to the benefit of a higher pension scheme surplus. Our share of profit from associates and joint ventures continued to grow with strong performance from HDFC Life and HDFC AMC in India and further progress from HASL in China.

Operating profit benefited by approximately £20m from lower average Sterling exchange rates in 2016 compared to 2015.



Pensions and Savings

As noted in Section A.1.3, materially all of the Group's wholly owned insurance business is in the Pensions and Savings segment. The operations of SLAL make up the vast majority of the results of this segment.

A breakdown of the SLAL operating profit by Solvency II line of business is as follows:

	2016 £m
Index-linked and unit-linked insurance	131
Insurance with profit participations	102
Other life insurance	122
Health insurance	-
SLAL operating profit before tax	**355**

Other life insurance mainly comprises annuity business which is reported within spread/risk and is driven by the spread/risk margin result less related expenses in the UK, Ireland and Germany. The index-linked and unit-linked insurance and insurance with profit participations lines of business are driven by the revenue and expenses of SLAL's fee based business in the UK, Ireland and Germany.

Appendix 2 sets out QRT S.05.01.02 *Premiums, claims and expenses by line of business* which gives details of premiums and claims in the Group's insurance business. The majority of the Group's business, including that of SLAL, is investment based and not considered insurance contracts under IFRS. It therefore does not give rise to premiums and claims for the purposes of this QRT. As a result the premiums and claims reported on QRT S.05.01.02 give a limited view of the operating profit (and hence underwriting performance) of the Group.

The operating profit of SLAL split by material geographical area is as follows:

31 December 2016	**UK £m**	**Ireland £m**	**Germany £m**	**Total £m**
Fee based revenue	550	55	129	**734**
Spread/risk margin	119	10	5	**134**
Total operating income	**669**	**65**	**134**	**868**
Total operating expenses	(372)	(44)	(118)	**(534)**
Capital management	22	(1)	-	**21**
SLAL operating profit before tax	**319**	**20**	**16**	**355**

The Ireland operating profit above relates solely to the SLAL Ireland branch. The operating profit of Standard Life International Designated Activity Company (SL Intl) business, which is also located in Ireland, is not material to the Group.

31 December 2015	UK £m	Ireland £m	Germany £m	Total £m
Fee based revenue	535	47	120	**702**
Spread/risk margin	143	4	(2)	**145**
Total operating income	**678**	**51**	**118**	**847**
Total operating expenses	(386)	(38)	(109)	**(533)**
Capital management	14	(2)	-	**12**
SLAL operating profit before tax	**306**	**11**	**9**	**326**

SLAL UK operating profit before tax increased by £13m to £319m. SLAL UK fee based revenue increased by £15m to £550m, benefiting from a combination of strong net inflows together with positive movement in market levels over the second half of the year.

SLAL UK spread/risk margin decreased by £24m to £119m. Operating assumption and actuarial reserving changes provided a benefit of £38m (2015: £43m), primarily relating to future longevity assumption changes. As discussed previously, we took advantage of volatility in financial markets mainly in the first half of 2016 to deliver a benefit of £25m (2015: £30m). A number of other components contributed to a lower spread/risk margin than 2015 including adverse mortality experience and reduced new business. These reductions were partly offset by an £18m payment in 2016 from our main with profits fund relating to changes to the Scheme of Demutualisation in response to the transition to Solvency II. This effectively brings forward some of the payments expected in future years under the previous scheme rules.

SLAL UK operating expenses reduced by £14m to £372m, impacted by the continued drive to scale our business. Ongoing investment in technology to reduce future customer operations and IT maintenance costs has allowed further process automation and customer self service.

In our European branches, operating profit increased by £9m to £20m in Ireland and by £7m to £16m in Germany. The 2015 result was lower due to the impact of the £9m one-off shareholder support provided to the German with profits business. In 2016 our German business benefited from a £5m reduction in actuarial reserves due to lower maintenance expenses. The 2016 spread/risk result includes the benefit of a £4m payment from our main with profits fund relating to changes to the Scheme of Demutualisation in response to the transition to Solvency II. The 2016 result also benefited from favourable foreign exchange movements of £2m.

Further information on the performance of the Pensions and Savings segment can be found on pages 30 to 33 of the Group's Annual report and accounts 2016.

A.3 Investment performance

The Group uses investment return as a measure of investment performance. The Group's investment return primarily relates to SLAL, which is materially all of the Group's wholly owned insurance business, and consolidated investment funds. The following table shows the Group's and SLAL's investment return by asset class, including income and expense components, for the year ended 31 December 2016:

	Group		SLAL	
	2016	2015	**2016**	2015
	£m	£m	**£m**	£m
Interest and similar income				
Cash and cash equivalents	**86**	94	**22**	18
Available-for-sale debt securities	**12**	15	**-**	-
Loans	**6**	4	**20**	21
Other	**-**	-	**6**	7
	104	113	**48**	46
Impairment losses on subsidiaries	**-**	-	**-**	(50)
Dividend income	**1,999**	1,902	**2,194**	2,081
Gains/(losses) on financial instruments at fair value through profit or loss				
Associates (other than dividend income)	**19**	204	**(59)**	189
Subsidiaries (other than dividend income)	**-**	-	**1,779**	582
Equity securities (other than dividend income)	**9,769**	1,131	**6,004**	666
Debt securities	**7,169**	(27)	**3,998**	23
Derivative financial instruments	**(3,857)**	1,179	**209**	69
Loans	**-**	-	**9**	3
Assets held for sale	**-**	-	**1**	-
	13,100	2,487	**11,941**	1,532
Foreign exchange (losses)/gains on instruments other than those at fair value through profit or loss	**(80)**	19	**(126)**	9
Income from investment property				
Rental income	**555**	487	**286**	265
Net fair value (losses)/gains on investment property	**(302)**	452	**(110)**	377
	253	939	**176**	642
Investment return from continuing operations	**15,376**	5,460	**14,233**	4,260

SLAL investment management expenses for the year ended 2016 were £164m (2015: £169m).

Investment return increased by £9,916m during the year. Debt securities returns (including coupons) were £7,169m due to significantly falling yields, compared to a flat return in 2015 (which saw rising yields) and therefore coupon income was offset by fair value losses. Equity securities recorded gains of £9,769m compared to £1,131m in 2015 in line with market movements. These increases are offset by £5,036m lower derivative returns, and £754m lower property market fair value returns. Losses in 2016 from investment property primarily arose following the UK vote to leave the European Union. In addition to the above the Group recognised gains of £17m (2015: £8m losses) directly in equity in respect of fair value movements of debt securities.

Impacts arising from short-term fluctuations in investment return are discussed further in Section A.4.

At 31 December 2016, the Group has direct investments in securitisations with a fair value of £342m. This comprised of 40 investments of which the largest was £32m.

A.4 Performance of other activities

Asset management business

The performance of the Group's asset management business, Standard Life Investments, has been included and discussed in Section A.2 above. Standard Life Investments provides asset management services both for the Group's insurance business and for third parties. Further information on the results of the Standard Life Investments segment can be found on pages 26 to 29 of the Group's Annual report and accounts 2016.

Non-operating items

Other activities which are not underwriting performance are non-operating items as shown in the following table by reporting segment:

31 December 2016	Standard Life Investments £m	Pensions and Savings £m	India and China £m	Other £m	Total £m
Short-term fluctuations in investment return and economic assumption changes	3	13	-	(8)	**8**
Restructuring and corporate transaction expenses	(23)	(38)	(3)	(3)	**(67)**
Impairment of intangible assets	(9)	(10)	-	-	**(19)**
Provision for annuity sales practices	-	(175)	-	-	**(175)**
Other	(21)	3	-	(3)	**(21)**
Non-operating items	**(50)**	**(207)**	**(3)**	**(14)**	**(274)**

31 December 2015 (continuing operations)	Standard Life Investments £m	Pensions and Savings £m	India and China £m	Other £m	Total £m
Short-term fluctuations in investment return and economic assumption changes	-	(54)	-	(9)	**(63)**
Restructuring and corporate transaction expenses	(23)	(75)	-	(17)	**(115)**
Impairment of intangible assets	(5)	(2)	-	-	**(7)**
Other	(25)	-	(47)	-	**(72)**
Non-operating items	**(53)**	**(131)**	**(47)**	**(26)**	**(257)**

Short-term fluctuations are calculated based on expected returns on investments backing equity holder funds, with consistent allowance for the corresponding expected movements in equity holder liabilities. Impacts arising from the difference between the expected return and actual return on investments, and the corresponding impact on equity holder liabilities except where they are directly related to a significant management action, are excluded from operating profit and are presented within profit before tax. These generated a profit of £8m (2015: loss £63m) mainly due to a narrowing of credit spreads and a fall in yields.

Restructuring and corporate transaction expenses reduced to £67m (2015: £115m), and included £24m relating to the integration of Ignis, £5m for staff pension scheme restructuring, £4m of costs relating to the Elevate acquisition, £15m Pensions and Savings transformation costs and a number of other business unit restructuring programmes and corporate transactions.

2015 also included a £46m non-operating restructuring loss in Hong Kong following regulatory change.

The non-operating loss in 2016 includes £175m for a provision in relation to the FCA's enhanced annuity thematic review for an estimate of the redress payable to customers, the costs of conducting the review, and other related expenses. At this stage there is significant uncertainty relating to all of these elements. Note 40 to the Group financial statements on pages 174 to 175 of the Group's Annual report and accounts 2016 provides further background, and explains that we are seeking for up to £100m of the financial impact to be mitigated by insurance.

Tax expense

The total tax expense attributable to equity holders' profits from continuing operations was £68m (2015: £77m), of which £127m (2015: £114m) related to operating items and a credit of £59m (2015: credit £37m) to non-operating items. The reduction in the tax expense mainly reflects non-recurring items which increased the tax charge in 2015.

Leasing arrangements
The only material classes of assets subject to leasing arrangements are property, in relation to operating leases for investment property (where the Group is the lessor), and property, plant and equipment held for own use (where the Group is the lessee). Rental income from investment property during the year to 31 December 2016 from continuing operations was £555m (2015: £487m). Operating lease expense in the year was £34m (2015: 21m).

A.5 Any other information

Recommended all-share merger of Standard Life plc and Aberdeen Asset Management plc

On 6 March 2017 the boards of Standard Life plc and Aberdeen Asset Management plc (Aberdeen) announced that they had reached agreement on the terms of a recommended all-share merger of Standard Life and Aberdeen, to be effected by means of a court-sanctioned scheme of arrangement between Aberdeen and Aberdeen shareholders under Part 26 of the Companies Act 2006. Following completion of the merger, Aberdeen shareholders would own approximately 33.3% and Standard Life shareholders would own approximately 66.7% of the combined group on a diluted basis. On 9 May 2017, Standard Life published a prospectus and circular relating to the proposed merger and giving notice of a general meeting to take place on 19 June 2017. Completion of the merger is subject to regulatory, court, shareholder and other necessary approvals and if approved is expected to complete in Q3 2017.

B. System of governance

B.1 General information on the system of governance

B.1.1 Overview

Standard Life's system of governance is the overall framework of policies, controls and practices by which we meet all the requirements of sound, risk-based management.

Our system of governance comprises:

- **Governance framework** – how we manage our business including the role of the Board and its committees
- **Organisational and operational structure –** how we structure our business and define roles, responsibilities and reporting lines to ensure that appropriate spans of control operate throughout the organisation
- **Risk management system** – a risk-based approach to managing our business. It includes the methods and processes we use to manage risks consistently across Standard Life. We refer to our risk management system as the Enterprise Risk Management (ERM) framework.
- **Internal control system** – contains a range of processes which are captured under our 'Conduct and Operational Risk Framework' and includes policies to manage risks at the highest level, how we assess impact and likelihood of risks and how we determine the effectiveness of our key controls

An effectiveness review of the system of governance and ERM framework is conducted annually. This process considers each key component of the system of governance in isolation and assesses its effectiveness.

In addition, the Group Chief Internal Auditor reviews, at least annually, the overall effectiveness of our system of governance and risk and control framework and reports on this to the Group Audit Committee (in line with the Internal Audit Guidelines for Financial Services issued by the Chartered Institute of Internal Auditors).

The result of these reviews in 2016 concluded that the system of governance and ERM framework are effective taking into account the nature, scale and complexity of the risks inherent in the business.

B.1.2 Governance framework

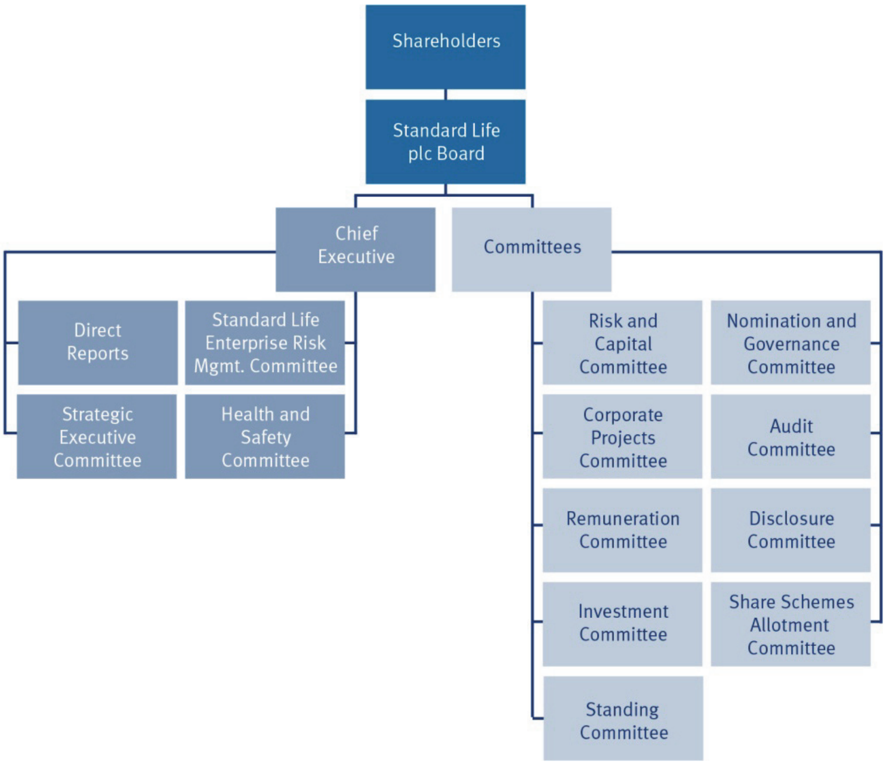
The governance framework provides a structure to support compliance with the Group's regulatory and UK Corporate Governance Code obligations. The Group's governance framework is approved by the Board, kept under regular review and documented in the Board Charter. The Nomination and Governance Committee reviews the Board Charter annually, taking into account developments in regulatory guidance and corporate governance best practice, and recommends any changes to the Board.

The framework consists of the following key elements which are discussed further below:

- Decision making structure
- The function of the Board in its oversight role
- The role of non-executive and executive Directors
- Board committees
- Executive and executive committees
- Group Scheme of Delegation
- Code of business conduct
- Prudent person principle
- Senior Insurance Managers Regime
- Remuneration

Decision making structure

The diagram below provides an illustration of Standard Life's decision making structure:



The function of the Standard Life plc Board

The Board's role is to organise and direct the affairs of the Company to maximise value for shareholders, in accordance with the Company's constitution and all relevant laws, regulations and corporate governance and stewardship standards. The Board's roles and responsibilities, collectively and for individual Directors, are set out in section 3 of the Board Charter which is available in the Our company – governance section of the Standard Life website: **www.standardlife.com**

The Board has overall responsibility for the ERM framework, Own Risk and Solvency Assessment (ORSA) process and system of internal control, as well as the ongoing review of their effectiveness. The framework is designed to manage, rather than eliminate, risk and can only provide reasonable, not absolute, assurance against material misstatement or loss.

Further information on the role of the Board can be found on page 60 of the Group's Annual report and accounts 2016.

Role of non-executive Directors

The role of the non-executive Directors is to participate fully in the Board's work – advising, supporting and challenging management as appropriate. Their roles and responsibilities are laid out in Section 3.3 of the Board Charter.

Role of executive Directors

Executive Directors' duties extend to the whole of the business, and not just the part of it covered by their individual Executive roles. Executive and non-executive Directors have the same statutory responsibilities.

Board Committees

The Board has established committees that oversee, consider and make recommendations to the Board on important issues of policy and oversight. Although the Board has delegated authority to these committees it remains accountable for the final decisions made in these areas and as a result the Board has established a robust communication process to ensure that it is kept fully up to date of all significant matters that are discussed at these committees.

There are five committees that are directly relevant to the governance of the business:

- Audit Committee
- Risk and Capital Committee
- Remuneration Committee
- Nomination and Governance Committee
- Investment Committee

The committees operate within specific terms of reference approved by the Board and kept under review by the Nomination and Governance Committee.

Committee membership is reviewed at regular intervals by the Chairman of each committee and the Nomination and Governance Committee. The Nomination and Governance Committee considers all new appointments before they are recommended to the Board.

Further information on the Board committees and their constitution and terms of reference can be found in the appendices of the Board Charter.

Executive and Executive committees

Chief Executive
The role of the Chief Executive is to implement the Board's strategies and manage the day-to-day business of the Company within the parameters laid down by the Board. The Chief Executive assists the Board in carrying out its role by providing advice and recommendations consistent with the agreed strategic direction and operational, financial and regulatory best practice.

Further information on the role of the Chief Executive can be found on page 60 of the Group's Annual report and accounts 2016.

Strategic executive team
The Chief Executive, within authorities delegated by the Board, by means of the Board Charter and the Group Scheme of Delegation, leads the other executive Directors and the executive team in the day-to-day running of the Group and specifically:

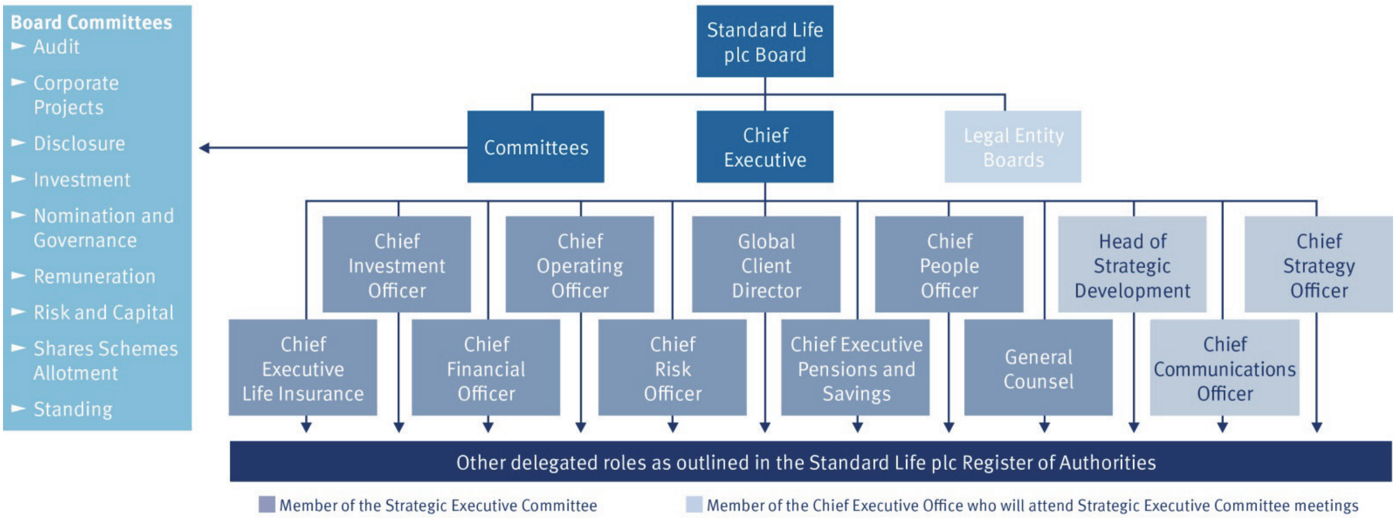
- Develops appropriate capital, corporate, management and succession structures to ensure the Group's objectives can be met
- Makes and implements operational decisions
- Develops strategic plans and structures for presentation to the Board
- Reports to the Board with appropriate, timely and high-quality information
- In conjunction with the Chairman, represents the Group to external stakeholders, including shareholders, customers, suppliers, regulatory and governmental authorities, and the community

Executive committees
There are three executive committees that are directly relevant to the governance of the business:

- Standard Life Enterprise Risk Management Committee (ERMC): their role is to support the Chief Executive in the management of risks across Standard Life and to oversee compliance with the Company's ERM framework. The committee deals with all types of risks arising from the current and proposed activities of Standard Life.
- Group Credit Risk Committee (GCRC) – a sub-committee of the ERMC: their role is to support the Standard Life ERMC in ensuring the existence of a robust control framework in respect of credit risk in Standard Life; and to oversee compliance with the Credit Risk Management policy and to monitor credit exposures in Standard Life. The committee deals with all types of credit risks arising from the current and proposed activities of Standard Life.
- Strategic Executive Committee (STEXCO): their role is to make recommendations to the Chief Executive on relevant matters, including: (a) objectives and strategy, (b) budget, business plans and operating and capital expenditure proposals, (c) operational and financial performance of the organisation against its approved plans, budgets and strategic direction and (d) talent management and development of the leadership population across the organisation

Group Scheme of Delegation
The Group Scheme of Delegation sets out the flow and principles of delegation from the Board to the Chief Executive onwards to members of the STEXCO and other direct reports of the Chief Executive. Specific activities, authorities and thresholds are documented in the Register of Authorities. The policy framework, as detailed in Section B 4.1, plays two roles: to provide the mechanism to monitor compliance with documented delegated authorities and set out additional authorities on behalf of Standard Life plc that are not covered by the Articles of Association or Board Charter. Delegated authority is an important control that allows the business to operate in a controlled but efficient and effective manner by giving individuals clear accountability for specific activities.

Flow of delegation as at 31 December 2016 (Investment committee was under establishment in 2016):



Code of Business Conduct
Good governance within Standard Life is predicated on the ethical behaviour of the organisation's staff. In recognition of this the Board has developed, adopted and communicated a Code of Business Conduct which sets standards for employee behaviour in relation to operational excellence, compliance responsibilities, customer service, Standard Life's people and other stakeholders. The code is aligned to the Group's values and refreshed and approved by the Board on a regular basis.

Prudent Person Principle
The Prudent Person Principle is a set of qualitative requirements used to govern investment decisions and asset allocations. In particular, it sets out the expectation that insurers will exercise prudence in relation to the acquisition and holding of assets and places responsibility on the insurer to decide whether the nature of any investment is appropriate and to be able to show that it has systems and controls to hold and manage any such investments.

Standard Life policies state the standards that business units must comply with in managing the key risks that threaten the achievement of our strategy and business objectives. A range of these standards are directly relevant to the requirements of the Prudent Person Principle and are primarily contained in the following policies:

- The Market Risk Management policy
- The Credit Risk Management policy
- The Demographic and Expense Risk Management policy
- The Liquidity and Capital Management policy

Business policy compliance reporting on our internal risk management system, called ORAC, demonstrates whether business units have been compliant with the relevant policy standards and, as a consequence, with the requirements of the Prudent Person Principle.

Further details on Prudent Person Principle compliance can be found in Section C 7.2 of this report.

Senior Insurance Managers Regime (SIMR)
The SIMR replaces the existing Approved Person Regime and came into force in March 2016 with the intention of strengthening individual accountability within the insurance industry. The regime seeks to ensure that senior individuals are responsible and accountable for the sound and prudent management of their firms, and behave with appropriate integrity, honesty and skill. Standard Life has implemented a framework to address the requirements of SIMR. Reflecting the key components of the regime, the framework is comprised of:

- **A governance map** – detailing senior manager roles and responsibilities, governance structures, matters reserved for the Board and the remit and function of committees
- **Scope of responsibilities** – a summary of individual responsibilities for each key individual captured by the regime
- **Prescribed responsibilities** – 11 PRA-specified responsibilities which have been allocated to particular individuals
- **Conduct requirements** – rules and standards to be adhered to by all individuals within the scope of the regime
- **Fitness and propriety** – Standard Life's requirement to assess the fitness and propriety of individuals holding key positions
- **Reasonable steps** – guidance to help impacted individuals to record and evidence the discharge of their responsibilities
- **Support network** – how we support individuals in meeting these responsibilities

The SIMR framework applies to individuals who influence, manage, supervise or govern the activities of the Group. Reflecting the Group's management structure, members of the key governing bodies and heads of key functions are also included.

Remuneration
The People Policy, which includes remuneration, is fully aligned to the strategic aims of the organisation. Its aim is to attract and retain leaders who are focused and capable of delivering business objectives whilst considering the interests of shareholders and other stakeholders.

Details of the policy can be found in Section 2.9 of the Board Charter. Full details of the Remuneration Committee's responsibilities can be found in Appendix III of the Board Charter which is available in the Our company – governance section of **www.standardlife.com**

The non-executive Directors who sit on the Remuneration Committee are responsible for determining appropriate levels of remuneration for the Chairman and the executive Directors. Deloitte LLP provides independent advice to the Committee throughout the year relating to executive remuneration and benefits. The link between reward and risk is managed by the Remuneration Committee seeking confirmation from the Risk and Capital Committee that past performance was not due to excessive risk taking and that future remuneration arrangements do not impact on Standard Life's risk profile.

Full details of the Remuneration Committee's responsibilities can be found in the Board Charter which is available in the Our company – governance section of **www.standardlife.com**

- **Fixed and variable elements of remuneration:** employee remuneration is composed principally of fixed and variable elements of reward as follows:

Fixed reward:	**Variable reward:**
• Fixed remuneration: salary (and cash allowances, if appropriate) • Benefits (including pension contributions)	• Bonus • Senior employees may also be awarded a long-term incentive award

Appropriate ratios of fixed to variable remuneration are set so as to ensure that fixed and variable components of total remuneration are appropriately balanced; and the fixed component is a sufficiently high proportion of total remuneration to allow the Standard Life Group to operate a fully flexible policy on variable remuneration components including paying no variable remuneration component.

- **Share ownership:** in line with good corporate governance guidelines, there is a requirement that Executive Directors, members of the Executive body, and certain senior management maintain a material long-term investment in Standard Life plc shares. The shares that an employee is required to hold to reach the shareholding requirement are agreed by the Remuneration Committee.
- **All employee share plans:** employee share ownership is promoted through two initiatives:
  - The Standard Life (Employee) Share Plan
  - Standard Life Sharesave Plan

Participation is voluntary and governed by the rules of the relevant plan.

Further details on remuneration including information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration are based can be found in the Overview of the remuneration policy section of the Directors Remuneration Report on pages 84 to 85 of the Group's Annual report and accounts 2016.

All UK employees are auto-enrolled into a defined contribution pension plan. Details of the main characteristics of the pension scheme and other post-retirement provisions can be found in Note 37 on page 168 of the Group's Annual report and accounts 2016. The pension policy for executive Directors can be found on page 84 of the Group's Annual report and accounts 2016 and includes an alternative cash allowance in lieu of pension of up to 30% of salary.

Details of transactions with related parties including key management personnel during the year can be found in Note 48 on pages 208 to 209 of the Group's Annual report and accounts 2016. There have been no material transactions during the reporting period with shareholders outwith the normal course of business.

B.1.3 Overview of organisational and operational structure

Standard Life has an established and well-defined organisational and operational structure with clearly defined roles, responsibilities and reporting lines to ensure that appropriate spans of control operate throughout the organisation in relation to its business activities and risk management.

Each business unit within Standard Life maintains a list of all of its decision making committees. Each committee operates under its own terms of reference, which sets out its authority, purpose, scope and quorum details. The purpose of a quorum rule is to give decisions made by a committee enough authority to allow binding action to be conducted.

Standard Life's governance functions include Risk and Compliance, Internal Audit and Actuarial who have responsibility for monitoring, reviewing, challenging and reporting on the status of the Company's risks on an ongoing basis. Fit and proper checks are carried out on applicable staff from key functions to ensure that they possess the competency, expertise and integrity necessary for the performance of their duties.

Details of the Risk and Compliance function can be found in Section B.4.2, details of the Internal Audit function can be found in Section B.5 and details of the Actuarial function can be found in Section B.6.

Three lines of defence
Standard Life operates a 'three lines of defence' model of risk management, with clearly defined roles and responsibilities for committees and individuals:

First line	**Second line**	**Third line**
Day-to-day risk management is delegated from the Board to the Chief Executive and, through a system of delegated authorities and limits, to business managers.	Risk oversight is provided by the Chief Risk Officer and supported by the specialist Risk Management and Compliance functions across Standard Life as well as committees such as the ERMC and with reporting to the Risk and Capital Committee (RCC). The majority of members of the ERMC are senior first line representatives. Independent oversight is provided by non-executive Directors at the RCC.	Independent verification of the adequacy and effectiveness of the internal risk and control management systems is provided by our Internal Audit function. This is independent from all other operational functions. It operates subject to supervision and challenge by the Audit Committee.

B.1.4 Changes to the system of governance and ERM framework

The key changes to the system of governance and ERM framework during 2016 are as detailed below:

- We reviewed and revised the composition of the boards of our principal subsidiaries, SLAL and Standard Life Investments (Holdings) Limited (SLIH)
- We established an Investment Committee to support the Board
- Solvency II reporting applied with effect from 1 January 2016. From that date, both the consolidated Group and regulated insurance entities within the Group operating in the EU were required to measure and monitor their capital resources under the Solvency II regulatory regime.
- We implemented governance maps and processes to support the SIMR, which replaced the PRA Approved Persons Regime

- In September 2016, a Chief Information Security Office was established to oversee and set the security priorities across the business. The Security Office has specified our risk appetite for cyber risk in order to better measure the risk and drive the appropriate responses to it.
- In 2015, we put in place the Conduct Maturity Programme which during 2016 delivered, amongst other things, enhanced conduct risk management information and reporting, with a consolidated assessment of conduct risk reported to the ERMC and the RCC via dashboard reporting using agreed conduct risk indicators and outcomes.

In May 2016, Standard and Poor's increased their rating on the risk and capital models component of our framework to 'positive' and maintained their 'strong' rating of our overall ERM framework.

B.2 Fit and proper requirements

Standard Life carries out initial 'fit and proper' checks before appointing new Directors (including non-executive Directors), executives, heads of function or other SIMR or PRA/FCA Approved Persons. These individuals are identified as Key Function Holders (KFHs) and the fit and proper checks require them to meet the standards expected of a 'fit and proper' person. This includes proving and maintaining certain standards of:

- Honesty, integrity and reputation
- Competence and capability
- Financial soundness

An assessment is carried out on a KFH's initial appointment and then repeated annually to ensure they continue to meet the fitness and propriety standards.

This assessment:

- Reviews competence, capability and experience to carry out the documented responsibilities of the role effectively
- Ensures the KFHs have the relevant qualifications to perform the role
- Ensures training to perform the function is undertaken
- Checks current behaviour and past business conduct meets the required standard
- Considers whether the KFHs have the appropriate personal characteristics to meet their responsibilities

A KFH will also be required to meet certain conduct requirements and the factors taken into account include:

- Whether the KHF exercised reasonable care when considering the information available
- Whether the KHF reached a reasonable conclusion upon which to act
- The nature, scale and complexity of Standard Life's business
- The KFHs role and responsibility as determined by reference to the relevant scope of responsibility
- The knowledge the KFH had, or should have had, of regulatory concerns, if any, relating to their role and responsibilities

A performance goal has been developed to help ongoing monitoring and assessment of conduct for KFHs under the SIMR regime. Impacted individuals are required to complete the performance goal every six months to allow their managers to confirm their assessment of individual conduct. To help ensure consistency of application, periodic compliance assurance work will be undertaken to review and validate the evidence retained.

B.3 Risk management system including the own risk and solvency assessment

Standard Life's risk management system is part of the wider system of governance and includes the ERM framework, the ORSA and the internal model.

B.3.1 Enterprise Risk Management framework

A key part of Standard Life's system of governance is the ERM framework. The ERM framework includes the methods and processes used to manage risks, and identify and seize commercial opportunities related to the achievement of our objectives, protecting and enhancing value. It provides us with a framework for operating consistent risk management practices across Standard Life in a structured and forward-looking way that can be measured and repeated.

All of the ERM components are interconnected and work together to provide Standard Life with a holistic framework encouraging proactive and pre-emptive risk management across the Group.

Risk culture
Risk culture is a core component of the ERM framework, it is the way we think and act as individuals and as a business. It encompasses our attitudes, capabilities and behaviours. Our culture drives how we identify, understand and openly discuss, and act on, current and future risks.

Risk control process
The practices by which we manage financial and non-financial risks within Standard Life. They are used to identify, assess, control and monitor risk.

Strategic risk management
This forms an integral part of the strategic planning process and is directly linked to our corporate objectives. It supports the development of long-term value by ensuring that well informed risk-reward decisions are taken in pursuit of our business plan. It also helps to ensure that capital is distributed to the areas where most value can be created from the risks taken.

Risk and capital models
The models that we use to measure our risk exposures and capital position and the work that we do to test and understand the sensitivity of these positions.

Emerging risks
The aim of emerging risk management is to identify risks before they materialise. This gives us time to engage with the risk, understand it and respond accordingly. We use our emerging risk process to inform reverse stress testing and capital adequacy requirements across Standard Life. Our proactive screening process which looks across broad sources of risk including geopolitical, technological, environmental and societal, helps us to anticipate future threats.

B.3.2 Own Risk and Solvency Assessment

The ORSA is a set of processes that underpin our ERM framework. The purpose of the ORSA is to inform and develop:

- Our understanding of the current and potential risks to the business over the product lifecycles. This includes both financial and non-financial risks including environmental, social and governance risks and their potential to affect both the long and short-term value of the business.
- Our appetite for these risks and how we manage them
- Our own assessment of current solvency and capital requirements with respect to the risks
- A forward-looking assessment of the risk and solvency needs of the Group over a multi-year time horizon in light of the business plans

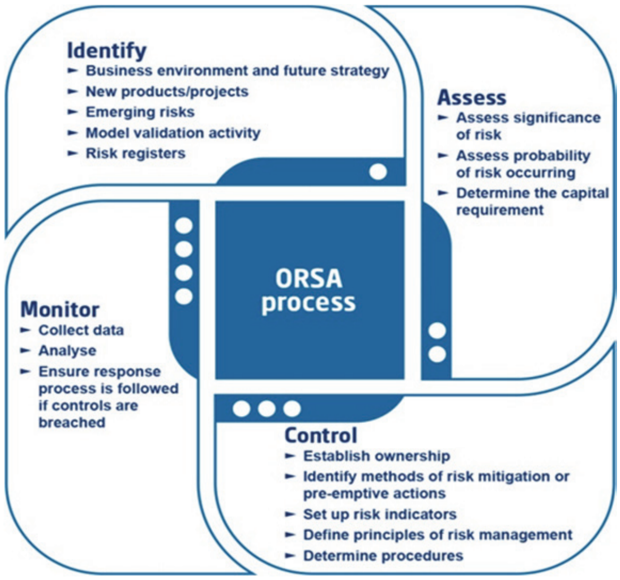
The ORSA plays a key role in supporting decision making and strategy development at our boards and risk committees

The ORSA comprises of all the processes that exist within the ERM framework and it is how we identify, assess, control and monitor risks that inform our capital requirements.

Capital and risk are managed within the Group to support the strategic objective of generating sustainable, high quality returns for shareholders. Risk and capital metrics support the delivery of the strategy and the objective of maintaining financial strength and security – underpinning customer, regulator and analyst confidence.

The key processes are as follows:

- The strategy, capital and business planning process
- Business risk reviews
- The emerging risk process
- The validation activity and validation reporting process
- The customer proposition development process
- Stress and scenario programme
- Reverse stress testing
- The liquidity risk management process
- The identification of risk modules for the internal model
- Monthly management information monitoring and reporting process
- The processes within the Conduct and Operational Risk framework
- The ORSA reporting process



These processes which inform business decisions run concurrently and often operate continuously throughout the year. They underlie the identification, assessment, control and monitoring of risks. The ORSA is reviewed and approved by the Board at least annually.

The Group determines its own solvency needs based on an understanding of its quantifiable and non-quantifiable risk profile and how this is managed. The ERM framework covers both quantifiable and non-quantifiable risks. A risk is quantifiable where measurable and objective data exists. The internal model covers all material quantifiable risks for which it is appropriate to hold capital such that the solvency capital requirement materially reflects the risk profile of the business. Some risks are not included in the coverage of the internal model because capital is not an appropriate mitigant for the risk or because the risk is not quantifiable and is more appropriately managed using other techniques. The internal model coverage review process ensures that the model continuously fits our risk profile and is based around changes in the risk and control information (risk registers, risk events and control self assessments) maintained by the Risk and Compliance function as an integral component of the ERM framework's risk control processes. The independent validation process includes a review of the risks to which the Group is exposed and whether the internal model covers all material and quantifiable risks of which we are aware based on the Company's risk registers.

The risk management system interacts with our capital management activities by ensuring that well informed risk-reward decisions are taken in pursuit of our business plan objectives, allowing capital to be delivered to areas where most value can be created from the risks taken. Our consistent application of effective and pre-emptive risk management across our business protects our short-term value while encouraging the development of long-term value. Oversight of risk within the business is delivered through the ORSA processes. The internal model is a key input to this interaction as its quantification of risk exposures provides valuable insight to support effective risk management and also influences the amount and location of capital across the Group.

B.3.3 Internal model

Under the Solvency II Directive insurers were given the choice of using the standard model for determining the solvency capital requirement (SCR), or applying to use an internal model, which, if granted, allows insurers to tailor and build their own internal model to reflect the broad range and scale of their individual business.

Standard Life's internal model application has been approved by the PRA, which means that the capital we hold is directly related to the risks we are exposed to and takes account of the benefit of the risk management tools we have in place.

Within Standard Life's ERM framework, the responsibilities of the Risk and Compliance function in relation to the internal model are to:

- Design and implement the internal model
- Test and validate the internal model
- Document the internal model and subsequent changes to it

- Analyse and report on the internal model
- Inform/report to Board on the internal model

The governance in place for the internal model ensures that it remains up to date and appropriate for use, for example via regular assessments of our risk environment as reported in our half yearly ORSA summaries which are provided to the RCC and the Board.

The Solvency II special purpose committee has specific roles and responsibilities in relation to the governance of the internal model on an ongoing basis.

There have been no material changes to the internal model governance during the reporting period.

The validation process which is used to monitor the performance and ongoing appropriateness of the internal model is carried out by the Risk and Compliance function. This process includes independent review and challenge by the Risk and Compliance function.

B.4 Internal control system

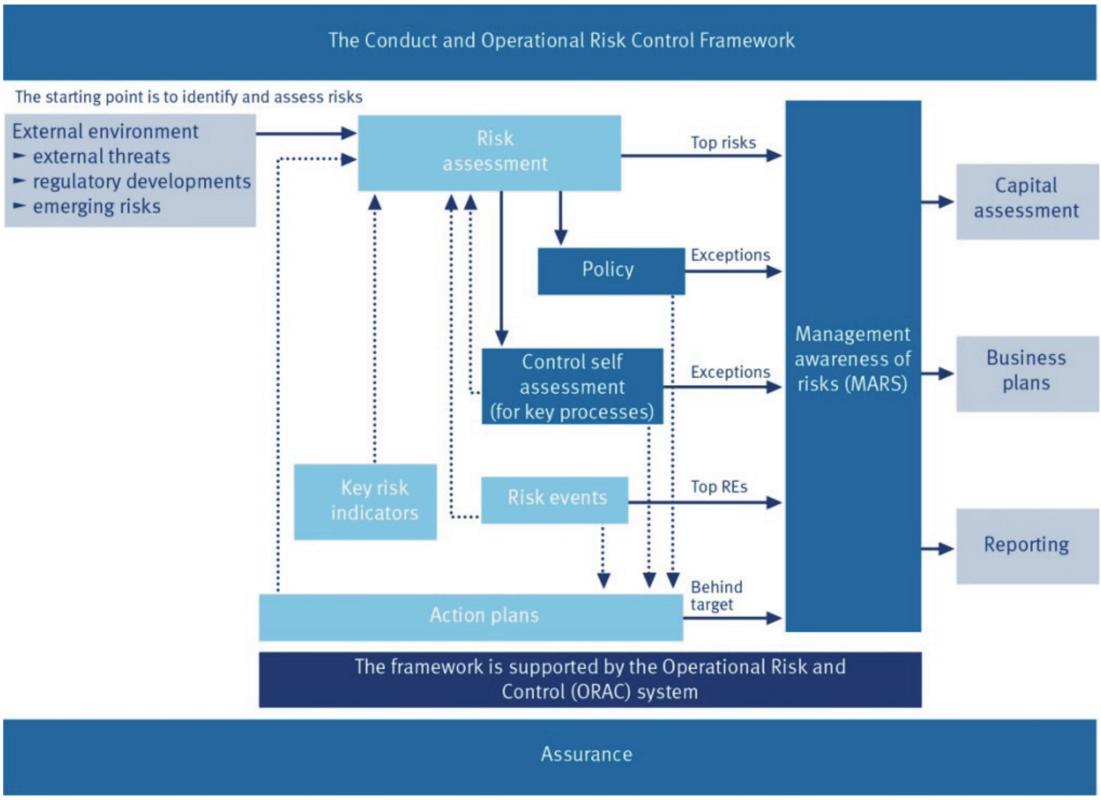
Our internal control system contains a range of processes which are captured under our Conduct and Operational Risk framework as part of the risk control process element of the ERM framework.

B.4.1 Conduct and Operational Risk framework

The Conduct and Operational Risk framework comprises the following processes outlined below:

- Management awareness of risks
- Policy framework
- Risk assessment including risk registers
- Control self assessment
- Risk event management
- Action plan management
- Key risk indicators

The diagram below explains how the Conduct and Operational Risk framework fits together. All business units use this framework and the supporting ORAC system to ensure consistency of application and reporting.

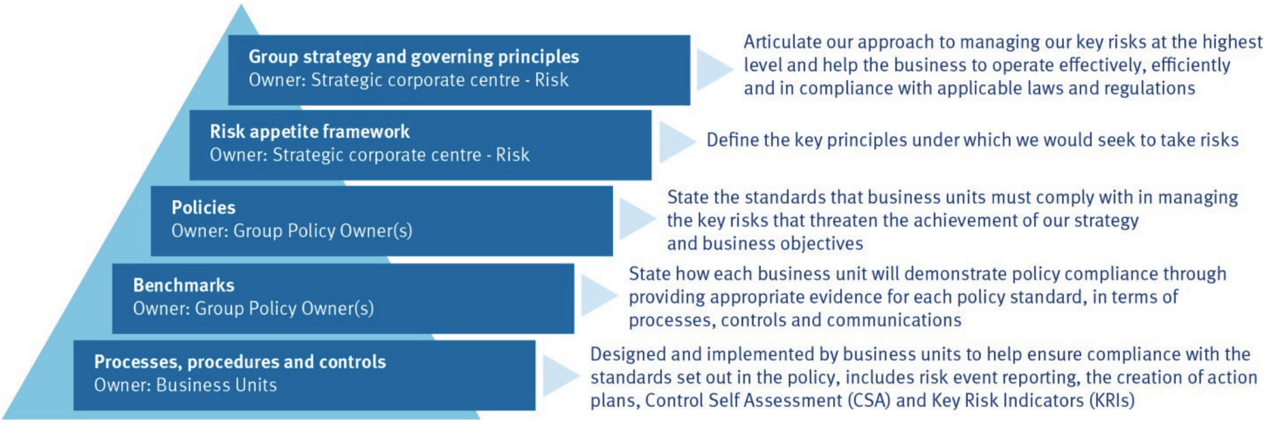


Management awareness of risks (MARs)
The objective of MARs is to increase accountability and ownership of risk management. MARs dashboards are created, using the underlying data from our ORAC system and the underlying processes and framework mentioned below to provide senior management with a holistic picture of their conduct and operational risk and control environment. The risk teams have discussions with business unit managers and challenge the MARs information. MARs is a forward looking proactive risk management process and is used at senior risk committees such as the ERMCs.

Policy framework
The policy framework helps Standard Life to achieve the high level business objectives by providing a structure to help articulate how the code of conduct, governing principles and all of the policies and procedures fit together to make sure that the business and employees operate within approved limits and standards, as defined by the Board .

The fair treatment of customers is integral to all of our business activities and of fundamental importance to the Board. As such, policies are implemented with their specific impact on the customer in mind.

This framework provides a structured process for developing and implementing policies consistently across the Group. It operates on five levels:



Risk assessment including risk registers
Risk assessment is the process whereby operational risks which might adversely affect the Company’s ability to meet its stated business objectives are identified, assessed and managed in order to minimise any adverse impact. Conducting the risk assessment process increases the likelihood of meeting our business objectives and plans because we have identified up-front what can go wrong and taken action to prevent this.

It is mandatory for all business units to establish, own and operate risk assessment processes. The recording, ongoing monitoring and management of the risks identified through these processes is enabled through the use of ‘risk registers’ which are held on the ORAC system.

The registers detail a range of information captured through the risk assessment process including: a description of the risk; details of the likely causes and impacts; an assessment of the risk in impact and likelihood terms; details of the responses to the risk; and, details of the ‘owner’ for each risk. Responsibility for implementing a risk assessment process including appropriate responses, and the creation and ongoing management of a risk register rests with business unit leaders and managers. They will be supported in this by their business unit risk team.

Control Self Assessment (CSA)
CSA is a self assessment tool, its purpose being to ensure that the primary controls within key processes (that help manage key risks) are documented and subject to regular assessment by business owners. The assessment includes a review of the adequacy of the design of the suite of controls, an assessment of the actual performance of those controls, evidence to support control performance and an overall effectiveness conclusion.

The results of the CSA certification process provides senior management with assurance over the effectiveness and quality of the control environment operated across the key business processes. CSA results may also lead to designing new procedures or changing existing procedures in order to reduce the probability of control failures.

Risk event management
A risk event is a risk that has materialised as a result of a deficiency in our system of internal control or an external event. Since they can have a significant impact on the Company's reputation and performance, we aim to identify and understand them quickly to ensure that an appropriate response is taken.

The ORAC system is used to log any risk events that occur and ensure action plans are put in place for corrective action.

Action plan management
Action plan management is an important aspect of the operational risk framework. Its purpose is to:

- Ensure that control improvement work is identified, what is required is clearly expressed, ownership is clear and target dates are set
- Demonstrate active management of the control environment
- Prioritise control improvement work
- Provide progress on work to allow source owners to determine the impact of outstanding issues

Key risk indicators
Our key risk indicators (KRIs) aim to identify potential issues before they materialise and are used as a monitoring tool to provide a snapshot of the current business exposure to specific risks.

KRIs are a blend of performance indicators, control indicators and other management information that is focused on a particular risk. The key differential of a KRI is that the metric has a direct correlation to an increase or decrease in probability, impact or exposure to a specific risk.

KRIs assist both business management and risk management functions by providing a tool to:

- Monitor risks by measuring trends or performance of KRIs
- Provide an early warning to enable proactive rectifying action and help to minimise exposure to losses
- Promote a proactive risk culture by providing a trigger for management action
- Bring objectivity to the risk process

All the outputs from our operational risk and control framework flow through to the other stages of the ERM framework, such as the risks being reflected in our risk and capital models.

B.4.2 Risk and Compliance function
The Risk and Compliance function is a second line of defence function and is embedded into our strategic and operational decision making. The objective of the Risk and Compliance function is to understand and actively manage the sources and scale of uncertainty to which Standard Life's strategic objectives are exposed. The consistent application of effective and pre-emptive risk management across our business protects the value of Standard Life in the short-term while encouraging the development of long-term value.

The Risk and Compliance function achieves this by ensuring that:

- Well informed risk-reward decisions are taken in pursuit of the Group's business plan objectives;
- Compliance activities are undertaken; and
- Capital is delivered to areas where most value can be created for the risks taken

This approach to risk management, delivered through our ERM framework, is well embedded in our business. The pace of change in the business and risk environment, and the threats and opportunities arising from it, mean we will continue to review and adapt our methods to ensure we are well placed to respond pre-emptively.

The Risk and Compliance function is led by the Chief Risk Officer, who reports to the Chief Executive Officer and comprises of the following:

- Strategic Corporate Centre Risk
- Risk Centres of Excellence (COEs): Reporting and Analysis; Operational; Financial and Insurance; Business Risk Review; Conduct and Compliance; Standard Life Investments Risk and Compliance, and Financial Crime

The COEs provide support across Standard Life.

B.4.3 Regulatory Compliance

Standard Life's Regulatory Compliance policy requires the business units to provide assurance that they are complying with the relevant regulations.

The regulatory compliance policy sets out the standards the business units must adhere to in complying with the relevant regulations. These standards are in place to prevent non-compliance. The head of the Conduct and Compliance team is the Group policy implementation manager for this policy and is also responsible for the annual review of the standards and benchmarks for this policy.

The assessment of the adequacy of the measures adopted to prevent non-compliance is a continuous process and follows an annual cycle starting and ending at annual policy review. The assessment includes:

- Board review and approval of the policy standards (with benchmarks approved by the Chief Risk Officer) to apply in the following year
- A quarterly self assessment of compliance with the Board approved policy by the business units. Where this highlights areas of non-compliance, action plans are set up to ensure compliance (along with appropriate timescales).
- A review of the above assessment by the Group policy implementation manager. This review will consider the evidence provided to show compliance, the action plans and other information already reported in the ORAC system.
- A review of the policy standards and benchmarks by the Group policy implementation manager. This review takes into account the cases of non-compliance (or near misses) reported over the year and the adequacy of the current standards and benchmarks in reducing the numbers and controlling the impact of these cases.
- Board review and approval of the revised policy standards resulting from the above review

B.5 Internal audit function

Group Internal Audit (GIA) is a third line of defence function. Its primary role is to provide independent and objective assurance in order to help the Board and Executive team to protect the assets, reputation and sustainability of Standard Life.

Standard Life has adopted the ERM framework to provide the basis for ensuring that risks inherent in the design and execution of strategy and the operations of each of the businesses within the Group are adequately identified, assessed, controlled, monitored and communicated in accordance with the overall expectations of Standard Life's stakeholders. GIA provides independent verification of the adequacy and effectiveness of the internal risk and control management systems.

To deliver this assurance, GIA undertake a risk assessed programme of audits across the Group. This audit plan, which reflects their view of the organisation formed through business intelligence gathering and relationship management activities, is approved by the Audit Committee and is reviewed and updated on a quarterly basis.

The Group Chief Internal Auditor reports functionally to the Chairman of the Audit Committee and administratively to the Chief Executive. The internal audit team is made up of general auditors and specialist auditors in actuarial, accountancy and investment management. An external co-source partnership arrangement ensures the availability of additional expertise as and when required.

GIA is free of influence by any element in Standard Life, including matters of audit selection, scope, procedures, frequency, timing and reporting. This maintains an independent and objective attitude necessary in rendering engagement conclusions.

B.6 Actuarial function

The prominent actuarial function sits in the Pensions and Savings business unit and is a first line of defence function. Smaller actuarial functions are in the other business units. The Group actuarial function is responsible for the actuarial tasks not covered at business unit level.

Summary of the responsibilities of the actuarial function:

- **Technical provisions:** co-ordinate calculation of technical provisions; inform the Board of the adequacy of calculation; provide opinion on the adequacy of technical provisions
- **Underwriting:** prepare opinion on overall underwriting policy
- **Reinsurance:** prepare opinion on adequacy of reinsurance arrangements
- **Risk management:** contribute to effective risk management system; provide opinion to the Board on range of risks and adequacy of the scenarios considered as part of the ORSA

In addition to the above which are required by the Solvency II Directive, delegated acts and guidelines the Actuarial Function also performs the following functions not required by Solvency II:

- **IFRS actuarial liabilities:** oversee and co-ordinate calculation of IFRS actuarial liabilities, recommend to the Board methodology and assumptions for the calculations of IFRS actuarial liabilities
- **Solvency capital requirement (SCR):** Recommend results of the SCR to the Board, recommend methodology and assumptions used for the calculation of the SCR within the framework defined by the Risk function
- **Financial projections:** Perform calculations of financial projections used in business planning , capital management and the Own Risk and Solvency Assessment
- **Capital and liquidity management:** Monitor and manage capital and liquidity
- **With profits management:** Recommend to the board actions and methodology around with profits business including level of with profit bonuses and managing the HWPF in line with the Scheme of Demutualisation
- **Investment strategy and investment guidelines:** Recommend asset liability management strategy and investment guidelines for with profits and shareholder funds and oversee the implementation of the approved strategy

B.7 Outsourcing

The Group's Outsourcing Policy sets the standards that business units must comply with for outsourcing arrangements.

The policy highlights that Standard Life retains responsibility for meeting all relevant regulatory and legal requirements and includes the requirement for the implementation of appropriately robust governance structures. The policy also highlights that customer outcomes must be considered at the outset and throughout the lifecycle of any outsourcing arrangement.

For each critical or important outsourcing arrangement, an Executive Sponsor, Accountable Authority and Supplier Relationship Manager are appointed. Where the outsourced services relate to regulated activities, the Executive Sponsor must be an approved person/SIMR.

In addition to the roles mentioned above, the Chief Risk Officer and the ERMC have specific roles and responsibilities in relation to the approval and subsequent governance of outsourcing arrangements.

The ERMC is responsible for reviewing all proposed outsourcing arrangements that are identified by the Chief Risk Officer (or nominated deputy) as potentially having a material impact on the Group's risk profile and annually reviews the complete master list of outsourcing arrangements across the Group.

The Head of Risk (Regulator and Board) is responsible for contact with the regulator on all material outsourcing issues across Standard Life. All FCA and PRA regulated arrangements require written notification to the FCA and PRA.

Standard Life uses a number of outsourcing partners to operate and deliver core systems, capabilities and processes. Key relationships include Citigroup's with our investment business and FNZ's role in the delivery of our platform functionality for our insurance business. Both of these service providers' main operations are located within the UK.

Key material intra-group outsourcing arrangements include the provision of investment management services, investment administration and fund accounting services from Standard Life Investments to various members of the Group, and the provision of Information Technology and Information Systems support from Group Operations to various members of the Group.

B.8 Any other information

None.

C. Risk profile

The purpose of this section is to describe the material risks to which Standard Life Group is exposed and the techniques used to monitor and manage them.

Our principal risks and uncertainties are described in pages 38 to 41 of the Group's Annual report and accounts 2016. These are:

Risk	Description	More detail included in Section
Strategic	Risks which threaten the achievement of the strategy through poor strategic decision-making, implementation or response to changing circumstances.	C.6 Other material risks
Conduct	The risk that through our behaviours, strategies, decisions and actions the business, or individuals within the business, do not do the right things and/or do not behave in a manner which: - Pays due regard to treating our customers and clients fairly - Is consistent with our disclosures and setting of customer and client expectations - Supports the integrity of financial markets.	C.5 Operational risk
Operational	Risk of loss or adverse consequences resulting from inadequate or failed internal processes, people or systems, or from external events.	C.5 Operational risk
Financial Market and Credit	Risk or losses due to risks inherent in financial markets.	C.2 Market risk; C.3 Credit risk
Demographic and Expense	Risk that arises from the inherent uncertainties as to the occurrence, amount and timing of future cash flows due to demographic and expense experience differing from that expected.	C.1 Underwriting risk

These risks, along with liquidity risk, are covered in this section, which follows a prescribed format and order. Sections C.1 to C.6 provide information on specific material risks to which the Group is exposed. Section C.7 covers information which applies across these material risks.

There have been no material changes to measures used to assess the risks to which the Group is exposed over the reporting period.

Capital held in respect of these risks is described in Section E. Refer to QRT S.25.02.22 in Appendix 2 to see the split of the solvency capital requirement (SCR) by risk category.

C.1 Underwriting risk

The key material underwriting risks to which the Group is exposed are longevity risk and persistency risk. The Group's exposure to expense risk is less material, and there are also minor exposures to mortality (in respect of insurance business that pays benefits on death) and morbidity risk.

C.1.1 Longevity risk

Longevity risk is the risk that policyholders or members of the defined benefit pension scheme live longer than expected based on our best estimate assumptions, and therefore give rise to a loss to the Group. This risk is relevant for contracts where payments are made until the death of the policyholder, for example annuities, deferred annuities and guaranteed annuity options. This may arise from our actual experience being different from that expected, more volatility of our actual experience than expected, or the rate of improvement in mortality being greater than expected. Our actual experience can vary as a result either of statistical uncertainty or as a consequence of systemic and previously unexpected changes in the life expectancy of the insured portfolio.

In setting our best estimate assumptions there are three elements. Firstly we choose a base mortality table which we believe reflects the appropriate shape of current mortality experience across all ages for our annuitants and deferred annuitants. Then we consider our own current experience in relation to that table. Finally we factor in consideration of how mortality rates may change in the future. This then gives three elements to consider in determining longevity risk:

- Change in shape of the base mortality table
- Change in level of the base mortality table
- Change in assumed rates of future mortality improvement

C.1.2 Persistency risk

Persistency risk is the risk that policyholders voluntarily discontinue their policies at a different rate than assumed. Discontinuance includes lapsing, becoming paid-up, retiring early, drawing down on funds or taking up options. This risk may arise if persistency rates are greater or less than assumed, or if policyholders selectively lapse when it is beneficial for them. This could adversely impact capital resources through:

- Lower than expected future charges being received if more policyholders disinvest than assumed, or
- Higher guarantee costs becoming payable if less policyholders disinvest than assumed

In setting our best estimate, we consider our own current experience and assess whether or not it is representative of expected future experience. If experience data is not believed to be reliable or representative, e.g. for a new product or when anticipating the effect of new regulations on policyholder behaviour, then other factors will be considered such as the pricing basis and experience for similar products.

Persistency risk is measured and modelled by considering *persistency mis-estimation* risk and *dependent persistency* risk separately:

- **Persistency mis-estimation** – This captures the risk of mis-estimating the level of persistency rates
- **Dependent persistency** – This captures the impact of a change in future persistency experience as a result of either a market event or an operational risk event

C.1.3 Material underwriting risk concentrations

The Group has a diverse pool of underwriting risks which reduces our exposure to underwriting risk concentrations. We make use of insurance risk mitigation techniques, particularly reinsurance, to reduce concentrations to certain risks.

C.1.4 Mitigation of underwriting risks

Reinsurance is used within Standard Life Assurance Limited (SLAL) primarily to reduce longevity exposure on annuity business. The key arrangement used to do this is a reinsurance treaty with Canada Life International Re Designated Activity Company, which is by far the largest of the reinsurance treaties in place. This treaty cedes a significant part of the longevity and investment risk from immediate annuities relating to around £5bn of liabilities. In addition, reinsurance is used to reduce mortality and morbidity exposure on protection business.

Underwriting risks are managed through the use of appropriate and active pricing and regular monitoring of experience. We also have a risk appetite framework which limits the amount of exposure we have to individual risks.

The Group actively monitors its actual experience on longevity and persistency, along with other underwriting risks. This identifies any significant divergence from long-term trends, which can enable the underlying causes to be identified and appropriate actions implemented.

C.2 Market risk

The material market risks to which the Group is exposed are equity risk, interest rate risk, and currency risk. (Note credit risk is covered in Section C.3).

In relation to unit-linked business, charges linked to policyholder funds are exposed to market risks, in particular equity risk.

For with profits contracts, assets invested on behalf of policyholders give rise to additional market risk for the Group where those policies benefit from investment guarantees.

In respect to its annuity business, the Group is also exposed to fixed interest risk if there is a mismatch between future expected payments to policyholders and the cash flows on the fixed interest assets backing those liabilities. If fixed interest assets need to be traded in order to make payments to policyholders, there is a risk that this will be on worse terms than was assumed when the annuities were priced. There is a similar risk where the Group has written guaranteed annuity options, which give a policyholder the option to purchase an annuity at a future date on guaranteed terms. The cost of providing an annuity on guaranteed terms increases as the cost of the assets used to back such an annuity increases. This would typically happen when fixed interest yields fall.

Currency risk affects the Sterling value that the Group recognises in respect of overseas assets and liabilities. In particular, the Group is exposed to currency risk where it receives income from or makes payments to policyholders that are denominated in currencies other than Sterling.

As fixed interest yields have fallen over 2016 the Group's exposure to fixed interest risk has increased.

The following sections discuss the methods used and the key judgements applied to quantify the most material market risks to which the Group is exposed.

C.2.1 Equity value risk

We calibrate different equity value distributions for different equity classes. Monthly log equity returns from the historic data available are used to fit a time series model for each equity class.

C.2.2 Interest rate risk

Interest rate distributions are derived using principal components analysis, which breaks down total interest rate movements into a more granular level. Separate distributions are produced for the UK and Euro swap yield curves. Three principal components are used in both territories (UK and Euro).

C.2.3 Currency risk

We calibrate two different currency distributions – calibrating a separate distribution for the exchange rate between GBP and the Euro, and a separate distribution for the exchange rate between GBP and the US Dollar, with these two exchange rates representing our most material currency exposures. These are both calibrated using a model that is fitted to historic exchange rate movements.

C.2.4 Material market risk concentrations

Market risk concentrations are minimised in the with profits funds by the use of index benchmarking with specific caps that limit the investment freedom away from these benchmarks and therefore limit the scope of individual market risk concentrations arising. We also have a risk appetite framework which limits the amount of exposure we have to individual risks.

We do not minimise concentrations in unit-linked business directly as the fund will be managed according to a fund mandate.

C.2.5 Mitigation of market risks

A number of financial risk mitigation techniques are used throughout the Group. The most significant of these relates to an equity hedging programme in place within the Heritage With Profits Fund (HWPF) of SLAL. Derivatives are also used for hedging currency exposure and managing fixed interest risk. These are regularly monitored with actions taken where required to ensure they operate as intended.

C.3 Credit risk

The key material credit risk to which the Group is exposed is in respect of corporate bond holdings, being the risk that the issuers of those bonds fail to meet their contractual payments.

The Group is also exposed to the market risk of corporate bonds fluctuating in value as a result of changes in the market's perception of the credit worthiness and marketability of those bonds. This credit spread widening presents a risk to the Group in a similar way to fixed interest risk where there could be a mismatch between future expected payments to policyholders and the cash flows on the fixed interest assets backing those liabilities.

Other credit risks that the Group is exposed to are the risk of default from:

- Reinsurance counterparties
- Derivative counterparties
- Cash counterparties
- Other miscellaneous debtors such as intermediaries

To assess credit risk the following measures are used:

- Corporate bond spread widening (including the risk of transitions between credit ratings and the risk of default)
- Counterparty default risk relating to cash, reinsurance, derivatives and short-term loans to, for example, brokers and policyholders

All of these aspects are stressed simultaneously in one risk module. The credit spread widening aspect is the most material of these to our balance sheet.

C.3.1 Material credit risk concentrations

The majority of our credit risk exposure lies in corporate bonds, with the majority being UK corporate bonds, with a small exposure to less liquid credit assets.

C.3.2 Mitigation of credit risks

We have a Credit Risk Management Policy in place to manage our credit risk exposure, which has a number of rules by which we mitigate credit risk, such as limiting the counterparties to which we can gain exposure, and limiting individual exposure levels. This is regularly monitored with actions taken where required to ensure the policy operates as intended.

There is a counterparty exposure to Canada Life International Re Designated Activity Company from the reinsurance arrangement which is mitigated through holding collateral. Refer to Section C.1.4.

C.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to realise investments and other assets in order to settle its financial obligations when they fall due, or can do so only at excessive cost.

Within our insurance business, liquidity risk is considered separately for annuities, with profits and unit-linked business.

For annuity contracts, assets are held which are specifically chosen with the intention of matching the expected timing of annuity payments. Liquidity risk is minimised through the process of asset and liability cash flow matching.

For with profits contracts, a portfolio of assets is maintained in the relevant funds appropriate to the nature and term of the expected pattern of payments of liabilities. Within that portfolio, liquidity is provided by substantial holdings of cash and highly liquid assets (principally government bonds). Where it is necessary to sell less liquid assets within the relevant portfolios, then any incurred losses are generally passed onto with profits policyholders in accordance with policyholders' reasonable expectations.

For unit-linked contracts, assets are invested in accordance with the mandates of the relevant unit-linked funds. Policyholder behaviour and the trading position of asset classes are actively monitored. The unit value and value of any associated contracts would reflect the proceeds of any sales of assets. If considered necessary to protect the interests of continuing customers, deferral terms within the policy conditions applying to the majority of the Group's unit-linked contracts can be invoked.

This liquidity risk increased significantly following the EU referendum and as a result deferral terms were applied from early July 2016 for some property funds. The deferral period ended for all of these funds by the end of November 2016 following property sales and a more stable property environment emerging.

In addition, the Group is exposed to:

- Refinancing risk i.e. not being able to refinance external debt when required or only able to do at excessive cost
- Risk that quantum and timing of subsidiary inflows are materially different from those expected

The Group undertakes periodic investigations into liquidity requirements, which include consideration of cash flows in normal conditions, as well as investigation of scenarios where cash flows differ markedly from those expected (primarily due to significant changes in policyholder behaviour). Liquidity risk is monitored, assessed and controlled in accordance with the relevant principles within the Group's policy framework.

C.4.1 Material liquidity risk concentrations

There are no material concentrations of liquidity risk.

C.4.2 Mitigation of liquidity risks

The Group undertakes the following activities to mitigate liquidity risk:

- Co-ordinates strategic planning and funding requirements
- Monitors, assesses and oversees the investment of assets within the Group
- Monitors and manages risk, capital requirements and available capital on a group wide basis
- Maintains a committed credit facility with a syndicate of banks

As a result of the policies and processes established to manage risk, the Group considers the extent of liquidity risk arising from its activities to be small.

C.4.3 The total amount of the expected profit included in future premiums

The expected profit included in future premiums as calculated in accordance with Article 260(2) of Commission Delegated Regulation (EU) 2015/35 is £821m (gross of tax).

C.5 Operational risk

Operational risk includes conduct risk. Conduct risk is considered in all areas of the operational risk framework, specifically through the 'Regulatory or Legal', 'Customer treatment' and 'Fraud or Irregularities' categories.

The key material operational and conduct risks that the Group is exposed to are captured within the following categories:

Process execution	Losses arising from failure to execute a process or control in accordance with its design, including administration, payment, manual data entry errors.
Customer treatment	Losses arising from inappropriately designed or delivered products or services, misinformed advice, failure to meet regulatory standards or requirements, failure to deal with customer complaints satisfactorily and within reasonable timescales, failure to meet the requirements of any other professional obligation to customers or clients. For example this may include impacts of regulator reviews, such as the enhanced annuity past business review.
Fraud or Irregularities	Losses arising from the embezzlement or misappropriation of funds or monetary assets by deliberate acts of deception and/or concealment, collusion, abuse of company or system knowledge, abuse of systems access. Also including failure to meet or comply with anti-money laundering regulations.
Regulatory or Legal	Losses arising from the inability to accurately interpret and/or comply with regulatory requirements.
Security (including cyber risk)	Losses arising from deliberate corruption, damage or theft of data and/or systems by external or internal parties or other criminal activities, failure to protect company property from theft or malicious damage, failure to safeguard the personal and physical security of staff during working hours.
Business interruption and System management	Losses arising from the inability to conduct normal business transactions e.g. money in or money out through loss or damage to premises, people or systems.
Supplier failure	Losses arising from the failure of outsource partners or other third party suppliers to deliver products or services in accordance with terms and conditions, through the fault of a party other than Standard Life.
People	Losses arising from the inability to adequately attract, retain and incentivise staff, the inability to adequately protect staff from injury or other harm, and any breakdown of employer-employee relations.
Planning	Missed opportunities or projected income as a result of planning process.

Risk control processes are the practices by which we manage financial and non-financial risks within our business. They are used to identify, assess, control and monitor risk.

We use a control framework which comprises of: control self assessment (CSA), risk assessment, key risk indicators, risk event and action plan management. More information is provided in Sections B.3 and B.4.

As there is limited historical data on extreme operational losses, operational risks are assessed using bottom up scenario analysis. This approach blends the expert opinion of senior management with internal or external loss data to estimate loss impacts and likelihoods. Stochastic models are used to determine the amount of capital for low probability, high impact events.

C.5.1 Material operational risk concentrations

The majority of our operational risk concentration exposure lies within the Regulatory or Legal and Process Execution categories.

C.5.2 Mitigation of operational risks

Our aim is to minimise our exposure to operational risk, by use of our control framework as described in Section B. However, there is an acceptance that in order to achieve our business strategy we will be exposed to a certain amount of operational risk. A number of insurance policies are used to reduce operational risk exposures. The key policies are Group professional indemnity cover (across the Group) and employers liability cover for all employees.

C.6 Other material risks

C.6.1 Group specific risks (including strategic risk)

A business-wide review of risks is performed at the Group level to determine a list of Group specific risks. This assessment considers:

- The risks which are also present at individual entity level, but whose impact could be significantly different (which behave in a different way) at Group level. These could include:
  - Reputational risk, including impacts from conduct risk, liquidity risk, the risk of a downgrade to our external credit rating and impacts on underwriting risks such as persistency and expenses
  - Operational risk, as described in Section C.5
  - Strategic risk, including impacts on underwriting risks such as persistency, expenses and new business levels. Our strategic objectives could be impacted by evolving customer preferences, our investment performance, and political and regulatory change. This also includes the risk that we are unable to successfully deliver our strategic objectives.
  - Concentration risk, as described throughout Section C for each risk module
- The risks only present at Group level. These could include:
  - Contagion risk, including the potential spill-over effects of the adverse impacts of a risk exposure in one undertaking of the group on another group undertaking, reputational risks (as above), and the potential contagion risk from contractual arrangements between group undertakings
  - Intra-group transaction risk
  - Complexity of Group structure i.e. risks that could arise if a group had a complex structure
  - Incremental risk from inclusion of insurance holding companies

The approach taken to the assessment of Group specific risks is a qualitative analysis of each of the risks in turn appropriate to the nature, scale and complexity of these Group specific risk exposures. The assessment described here has concluded that there are no other material risks that the Group is exposed to. As a consequence:

- There is currently no requirement to hold additional capital in respect of Group specific risks
- There are no other material risk concentrations to which the Group is exposed
- Other risks are not considered when investing assets according to the Prudent Person Principle
- No material other risks were identified through the sensitivity, scenario and stress tests described in Section C.7.1

C.6.2 Other risks

During the year the UK voted to leave the EU. We have considered the impact of this decision and concluded that no additional risk capital was required at the end of 2016. This will be kept under review as the terms of the UK's exit becomes clearer.

C.7 Any other information

C.7.1 Risk sensitivity

Standard Life performs a range of sensitivity, scenario and stress tests as part of its established stress and scenario testing (SST) programme which is reviewed annually by the Risk and Capital Committee (RCC). These tests are mainly internally driven by management to improve our understanding of the sensitivity of our business model, supplemented by others that are externally driven, such as regulatory requests.

The 2016 SST programme covered a comprehensive range of stresses to explore a continuum of plausible stress environments. The SST programme included stresses to each of our main risk exposures:

- Financial – market, credit, liquidity
- Demographic – longevity, persistency, mortality, morbidity, expense
- Other – conduct, reputational, operational

The SST programme also included insight into relevant severe combinations of risk events. A variety of stresses were applied to the year end Solvency II balance sheet and calibrated at or in excess of a 1-in-200 year probability level.

The SST Programme includes both combined and solo stress tests and forward-looking scenario projections to support the annual business planning process and reverse stress tests to consider circumstances or severe events that, if they emerged, could have the potential to cause the business plan to fail.

The scenario projections comprise five-year projections on base, down and severe downside scenarios. The projections are completed on the regulatory solvency position.

In addition, liquidity stress testing is performed to assess the ability of the balance sheet to support potential outflows under stress, and assess the effectiveness of our contingency funding plan, including circumstances in which market liquidity is stressed.

The sensitivity of Group regulatory Solvency II surplus to changes in key assumptions is as follows:

Sensitivity		**Solvency II Surplus (£m)**	**Change in Solvency II Surplus (£m)**
Base		3,142	
Equities	Up 20%	3,154	12
	Down 20%	2,953	(189)
Fixed interest yields[1,2]	Up 1.0%	3,085	(57)
	Down 1.0%	3,158	16
Credit spreads	Up 0.5%	3,012	(130)
	Down 0.5%	3,196	54
Mortality rates	Up 5%	3,334	192
	Down 5%[3]	2,942	(200)
Surrenders	10% one-off	3,022	(120)

1 Interest rate sensitivities assume transitionals are recalculated.
2 Assumes that yields do not fall below -0.30%.
3 95% of actual rates, implies 5 month increase in life expectancy for 65 year old male.

The sensitivity results exclude capital which is not recognised in the Group regulatory Solvency II surplus due to transferability and fungibility constraints. In the base position, the amount of non-available own funds in SLAL is £23m (excluding unavailable surplus in the defined benefit pension scheme). In the equities up 20% sensitivity, the non-available own funds in SLAL increase to £243m. This limits the overall increase in Group surplus to £12m. In the credit spreads up 0.5% sensitivity, the non-available own funds in SLAL increase to £125m. This is the main contributor of the £130m fall in Group surplus. The availability restriction remains stable in other sensitivities. For more information on availability restrictions see Section E.1.12.

C.7.2 Prudent Person Principle

Prudent Person Principle (PPP) requirements govern the investments that an insurer is allowed to make. For example insurers may only invest in assets and instruments whose risks they can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of their overall solvency needs. To avoid repetition we describe the PPP compliance of all asset classes together rather than individually.

The Group's investment risk management framework ensures that assets that are backing technical provisions are invested in accordance with the requirements of the PPP. These predominantly apply within SLAL.

The framework is underpinned by Standard Life's Group policy framework, which includes Market Risk Management, Credit Risk Management and Liquidity and Capital Management policies and requires that the risks associated with investments are identified, assessed, controlled and monitored.

Decisions on significant investment matters (including the types of asset that can be invested in) are the responsibility of the SLAL board. Any new proposals must follow robust governance and review processes to ensure that proper consideration of the risks, benefits, costs and other implications has been given.

SLAL's shareholder and policyholder assets, other than those relating to unit-linked policies which have been invested in external fund options, are managed by Standard Life Investments. These assets must be managed in accordance with requirements that are set by SLAL with reference to the nature, term and other relevant characteristics of the liabilities that they back, along with the risk characteristics of the assets. Compliance with these requirements is monitored on an ongoing basis and reviewed at least annually to ensure the ongoing appropriateness of existing asset allocations and constraints. Compliance with regulatory requirements such as the Financial Conduct Authority's (FCA) Conduct of Business rules and Standard Life's Principles and Practices of Financial Management (for with profits business) is also monitored.

SLAL manages assets on behalf of with profits and unit-linked customers as well as assets backing non-profit business and shareholder assets. Further detail of the PPP compliance for these types of business is given in the sections below.

With profits business
Within our with profits business, we manage investments with the objective of balancing the level of risk taken to deliver growth over the long term and the need to meet all contractual obligations to policyholders.

The with profits assets are managed in a collection of funds and are invested according to the currency, term and nature of the underlying liabilities. This includes some assets backing non-profit business that was written prior to The Standard Life Assurance Company's demutualisation and is owned by the SLAL HWPF. For all of these assets we seek to ensure the security, quality and liquidity of the portfolio of assets as a whole by predominantly investing in liquid securities that are listed or traded on regulated exchanges. Concentrations of assets are avoided by adhering to limits set by, for example, asset type, geography and counterparty.

We aim to make with profits investment decisions in the best interests of all our with profits customers. It is the role of the With Profits Actuary to advise the SLAL board on their use of discretion for the with profits funds and on the reasonable expectations and fair treatment of policyholders in SLAL's with profits funds. The With Profits Actuary is supported in this aim by the With Profits Committee, which provides independent advice to the SLAL board in relation to matters affecting the fair treatment of policyholders within SLAL's with profits funds.

Unit-linked
Within our unit-linked business we offer a wide range of funds which offer customers a choice of investment risk, asset classes and investment styles. These funds comprise both SLAL's own funds (internal funds) and external fund links. Our internal funds are managed by Standard Life Investments.

There is a fund mandate for each of SLAL's internal funds which details key aspects of how the fund is to be managed by Standard Life Investments, including the objective of the fund, its benchmark, and the assets that the fund is permitted to invest in including any restrictions.

We operate a governance framework covering all of our unit-linked funds (internal and external) to ensure that our unit-linked fund range is developed and managed appropriately on an ongoing basis. As part of this, all unit-linked funds are reviewed regularly to ensure that expectations set with customers remain aligned to how the funds are being managed by the investment manager. The effectiveness of the operation of this framework is regularly reported to the SLAL board.

To ensure the quality, security and liquidity of our funds, we predominantly invest in liquid securities that are listed or traded on regulated exchanges, or in daily priced funds that are authorised or recognised by the FCA. During significant market events we ensure our funds are priced appropriately and we may take other action as required to protect all customers in the fund. For example, we may place a fund into deferral in response to liquidity concerns until an appropriate level of liquidity is reached.

Shareholder (including non-profit) funds
Shareholder funds are directly exposed to the investment profits and losses. The most significant funds are the assets backing annuities, subordinated debt and free surplus.

These funds are primarily invested in cash and fixed interest investments, with the objective of optimising the risk-adjusted return and ensuring the diversification of credit risk exposures.

The primary exposures arise from the assets supporting annuity business, which has a cash flow matched 'buy and maintain' investment strategy.

For the purposes of setting investment strategy, the financial strength of SLAL is defined by its capacity to maintain the proposed investment strategy following defined adverse absolute scenarios as opposed to its prevailing financial strength. Consideration is also given to the capacity within SLAL's approved quantitative risk exposure limits (within the risk appetite framework).

The investment strategy is operated within constraints set within the qualitative and quantitative requirements of the risk policies that relate to managing investments: Credit Risk, Market Risk, Liquidity Risk and Capital Management.

The investment constraints set may vary from time to time, but are designed to ensure that adequate levels of diversification and liquidity are maintained. Examples of the types of constraints include limits on permitted asset types and exposures to individual companies, market sectors and credit ratings.

This investment approach ensures the security, quality, liquidity and profitability of the portfolio as a whole.

C.7.3 Use of special purpose vehicles
Throughout 2016, none of the Group's insurance undertakings have owned any special purpose vehicles for the purpose of transferring risk.

D. Valuation for solvency purposes

This section provides information on the valuation of assets, technical provisions and other liabilities for the Group's Solvency II balance sheet.

In accordance with Solvency II valuation regulations and unless expressly stated below, the Group has valued its assets and liabilities at fair value. In order to establish the fair value of assets and liabilities, the following principles have been applied:

- Assets have been valued at the amounts for which they could be exchanged between knowledgeable willing parties in an arm's length transaction
- Liabilities have been valued at the amounts for which they could be transferred or settled between knowledgeable willing parties in an arm's length transaction

The valuation of technical provisions is described in Section D.2.

Details on the methods and assumptions used to determine the fair values of assets and other liabilities are included in Section D.4.

The Group's Solvency II balance sheet is reported via QRT S.02.01.02, a copy of which is included in Appendix 2. The balance sheet QRT shows assets and liabilities valued under Solvency II rules using Solvency II scope and balance sheet classifications. Valuation differences between Solvency II and International Financial Reporting Standards (IFRS) statutory accounts values for assets, technical provisions and other liabilities are explained in Sections D.1, D.2 and D.3 respectively.

Reallocations

The structure of the Solvency II balance sheet is different to the structure of the consolidated statement of financial position in the Group's IFRS financial statements, and therefore reallocation adjustments are required between the two balance sheets.

The tables below set out reallocation adjustments which have been applied to assets and liabilities in the Group's IFRS statutory accounts balances at 31 December 2016. These adjustments are grouped into three types in the tables:

- 'Presentation adjustments (excluding unit/index-linked)' move balances (other than items held for unit/index-linked funds) from the balance sheet line items used in the IFRS consolidated statement of financial position to the appropriate balance sheet line items used in the Solvency II balance sheet
- 'Scope adjustments' relate to the different consolidation approach used under Solvency II. These move balances that are consolidated on a line-by-line basis under IFRS into the 'Holdings in related undertakings, including participations' line in the Solvency II balance sheet. More information about the consolidation approach under Solvency II is included in Section E.1.3. In relation to investment funds (such as authorised unit trusts, OEICs and private equity funds), the amount included in the Solvency II balance sheet presentation is the Group's holding, i.e. these funds are presented net of any third party interest / non-controlling interest and no third party interest / non-controlling interest is therefore included in the Solvency II balance sheet.
- 'Presentation adjustments (unit/index-linked)' move unit-linked fund balances from the relevant balance sheet line items used in the IFRS consolidated statement of financial position into the 'Assets held for index-linked and unit-linked contracts' line in the Solvency II balance sheet

In addition to the above reallocations, some line items in the IFRS consolidated statement of financial position are named differently in the Solvency II balance sheet. The mappings from IFRS to Solvency II balance sheet lines are also shown in the tables below.

IFRS consolidated statement of financial position headings	IFRS	Presentation adjustments (excluding unit/index-linked)	Scope adjustments	Presentation adjustments (unit/index-linked)	IFRS statutory balance based on Solvency II presentation and scope	Solvency II balance sheet headings
Assets	**£m**	**£m**	**£m**	**£m**	**£m**	
Intangible assets	572	-	(414)	-	158	Intangible assets
Deferred acquisition costs	651	-	(60)	-	591	Deferred acquisition costs
Deferred tax assets	42	-	(24)	-	18	Deferred tax assets
Pension and other post-retirement benefit assets	1,093	-	-	-	1,093	Pension benefit surplus
Property, plant and equipment	89	7	(6)	(28)	62	Property, plant and equipment held for own use
Investment property	9,929	(7)	(4,625)	(4,444)	1,077	Property (other than for own use)
Assets held for sale	263	-	(27)	(12)		
Interests in pooled investment funds	27,399	(3,871)	37,174	(40,895)	24,453	Holdings in related undertakings, including participations
Investments in associates and joint ventures	7,948	-	(3,302)			
Equity securities	55,908	-	(12,556)	(40,105)	3,247	Equities
Debt securities	67,933	(462)	(33,092)	(12,762)	21,617	Bonds
	-	92	-	-	92	Collective Investments Undertakings
Derivative financial assets	3,534	-	(1,238)	(110)	2,186	Derivatives
	-	4,819	(3,707)	(1,013)	99	Deposits other than cash equivalents
	-	-	42	99,649	99,691	Assets held for index-linked and unit-linked contracts
Loans	295	243	77	(62)	553	Loans and mortgages
Reinsurance assets	5,386	3,779	(8)	-	9,157	Reinsurance recoverables
Receivables and other financial assets	1,255	(1,147)	-	-	108	Insurance and intermediaries receivables
Other assets	94	(94)	-	-	-	Reinsurance receivables
Current tax recoverable	166	(166)	-	-	-	
	-	1,407	(493)	(608)	306	Receivables (trade, not insurance)
Cash and cash equivalents	7,938	(4,600)	(2,851)	(348)	139	Cash and cash equivalents
Total assets	**190,495**	**-**	**(25,110)**	**(738)**	**164,647**	**Total assets**

IFRS consolidated statement of financial position headings	IFRS	Presentation adjustments (excluding unit/index-linked)	Scope adjustments	Presentation adjustments (unit/index-linked)	IFRS statutory balance based on Solvency II presentation and scope	Solvency II balance sheet headings
Liabilities	**£m**	**£m**	**£m**	**£m**	**£m**	
Participating contract liabilities	31,273	(31,273)	-	-	-	
Non-participating insurance contract liabilities	23,422	(23,132)	(132)	-	158	Technical provisions - health (similar to life)
Non-participating investment contract liabilities	102,063	(49,043)	(5,953)	-	47,067	Technical provisions – life (excluding health and index-linked and unit-linked) *
	-	103,448	41	-	103,489	Technical provisions – index-linked and unit-linked *
	-	-	-	-	-	Contingent liabilities
Third party interest in consolidated funds	16,835	-	(16,835)	-	-	
Provisions	227	-	(12)	-	215	Provisions other than technical provisions
Pension and other post-retirement benefit provisions	55	-	-	-	55	Pension benefit obligations
Deposits received from reinsurers	5,093	-	-	-	5,093	Deposits from reinsurers
Deferred tax liabilities	259	-	(24)	(70)	165	Deferred tax liabilities
Derivative financial liabilities	965	-	(854)	(88)	23	Derivatives
	-	38	(24)	(13)	1	Debts owed to credit institutions
	-	21	33	(8)	46	Financial liabilities other than debts owed to credit institutions
Other financial liabilities	3,916	(3,547)	(20)	-	349	Insurance & intermediaries payables
Other liabilities	113	(107)	-	-	6	Reinsurance payables
Current tax liabilities	113	(113)			-	
	-	3,708	(1,030)	(559)	2,119	Payables (trade, not insurance)
Subordinated liabilities	1,319	-	-	-	1,319	Subordinated liabilities
Deferred income	198	-	(3)	-	195	Any other liabilities not elsewhere shown
Total liabilities	**185,851**	**-**	**(24,813)**	**(738)**	**160,300**	**Total liabilities**
Total equity	**4,644**	**-**	**(297)**	**-**	**4,347**	**Excess of assets over liabilities**
Non-controlling interests	**(297)**					
Equity attributable to equity holders of Standard Life plc	**4,347**					

* Risk margin and transitional measure within technical provisions are unaudited.

Valuation adjustments

The following table summarises valuation adjustments at 31 December 2016 between IFRS and Solvency II for assets, technical provisions and other liabilities that are explained in subsequent sections.

31 December 2016	IFRS statutory balance based on Solvency II presentation and scope £m	Solvency II balance sheet £m	Valuation differences £m
Deferred acquisition costs	591	-	(591)
Intangible assets	158	-	(158)
Deferred tax assets	18	24	6
Pension benefit surplus	1,093	1,093	-
Property, plant and equipment held for own use	62	62	-
Property (other than for own use)	1,077	1,077	-
Holdings in related undertakings, including participations	24,453	23,923	(530)
Equities	3,247	3,247	-
Bonds	21,617	21,617	-
Collective Investments Undertakings	92	92	-
Derivatives	2,186	2,186	-
Deposits other than cash equivalents	99	99	-
Assets held for index-linked and unit-linked contracts	99,691	99,649	(42)
Loans and mortgages	553	551	(2)
Reinsurance recoverables	9,157	8,897	(260)
Insurance and intermediaries receivables	108	108	-
Receivables (trade, not insurance)	306	306	-
Own shares	-	2	2
Cash and cash equivalents	139	139	-
Total assets	**164,647**	**163,072**	**(1,575)**
Technical provisions – excluding index-linked and unit-linked *	47,225	44,537	(2,688)
Technical provisions – index-linked and unit-linked *	103,489	100,774	(2,715)
Provisions other than technical provisions	215	215	-
Pension benefit obligations	55	55	-
Deposits from reinsurers	5,093	5,093	-
Deferred tax liabilities	165	654	489
Derivatives	23	23	-
Debts owed to credit institutions	1	1	-
Financial liabilities other than debts owed to credit institutions	46	46	-
Insurance & intermediaries payables	349	349	-
Reinsurance payables	6	6	-
Payables (trade, not insurance)	2,119	2,119	-
Subordinated liabilities	1,319	1,598	279
Any other liabilities not elsewhere shown	195	-	(195)
Total liabilities	**160,300**	**155,470**	**(4,830)**
Excess of assets over liabilities	**4,347**	**7,602**	**3,255**

* Risk margin and transitional measure within technical provisions are unaudited.

D.1 Assets

This section provides information on the types and values of assets in the Group's Solvency II balance sheet and a quantitative and qualitative explanation of any material differences with their IFRS statutory accounting valuation.

The total value of assets in the Group's Solvency II balance sheet at 31 December 2016 was £163,072m. An analysis of the Solvency II balance sheet by type of asset is provided in QRT S.02.01.02, a copy of which is included in Appendix 2.

Solvency II regulations require that assets of insurers be valued on a basis that reflects their fair value, described as an 'economic valuation'. The valuation basis adopted should, as far as possible, be consistent with IFRS.

The same bases, methods and assumptions are used to value assets in the Group's Solvency II balance sheet as for the balance sheets of the Group's subsidiaries, except for participations in regulated non-insurance (referred to as 'other financial sector') entities. In the Group Solvency II balance sheet, participations in other financial sector entities are valued at their regulatory capital resources value using relevant sectoral rules. In the Standard Life Assurance Limited (SLAL) solo Solvency II balance sheet, these participations are valued at their adjusted equity value. For these entities, the Group Solvency II balance sheet value is £5m higher than in SLAL's solo Solvency II balance sheet at 31 December 2016.

The following table gives the Group valuation bases used at 31 December 2016, along with a comparison between Solvency II and IFRS statutory accounts values. The IFRS statutory accounts values below reflect the IFRS statutory accounting values using Solvency II balance sheet presentation as set out earlier in the introduction to Section D. Positive valuation differences are shown where Solvency II valuations are higher than IFRS.

Balance sheet caption	Description of basis and method of valuation
Goodwill	Under IFRS, goodwill is carried on the balance sheet at cost less any accumulated impairment losses. In accordance with the Solvency II valuation guidelines, nil value is attributed to goodwill. At 31 December 2016, the Group IFRS balance sheet for entities consolidated using method 1 on a line-by-line basis (refer to Section E.1.3 for consolidation methods used) did not include any goodwill and therefore there is no valuation difference between the Solvency II balance sheet and the IFRS statutory accounts for this balance sheet line.
Deferred acquisition costs	Under IFRS, some costs incurred in issuing certain contracts are deferred and amortised as Deferred Acquisition Costs (DAC). In accordance with the Solvency II valuation guidelines, nil value is attributed to DAC. Accordingly, the following valuation difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts: **£m** DAC as per IFRS statutory accounts: 591 DAC as per Solvency II balance sheet: - Valuation difference: (591)

<table>
<tr><th>Balance sheet caption</th><th>Description of basis and method of valuation</th></tr>
<tr><td>Intangible assets</td><td>Under IFRS, intangible assets are recognised if it is probable that the relevant future economic benefits attributable to the asset will flow to the Group and they can be measured reliably and are either identifiable as separable or they arise from contractual or other legal rights, regardless of whether those rights are transferable or separable. Intangible assets acquired by the Group through business combinations consist mainly of investment management contracts and technology in place in acquired businesses. The Group has also recognised as intangible assets software which has been developed internally and other purchased technology which is used in managing and executing our business. Intangible assets are recognised at cost and charged to the income statement on a straight-line basis over the length of time the Group expects to derive benefits from the asset.

Under the Solvency II valuation guidelines, intangible assets are recognised and measured at fair value so long as they can be sold separately and fair value measurement using quoted prices in an active market is possible. When intangible assets cannot be sold separately or fair value measurement using quoted prices in an active market is not possible, such intangible assets are valued at nil. The Group’s intangible assets do not meet the criteria for recognition and are therefore valued at nil.

Accordingly, the following valuation difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts:

<table>
<tr><th></th><th>£m</th></tr>
<tr><td>Intangible assets as per IFRS statutory accounts</td><td>158</td></tr>
<tr><td>Intangible assets as per Solvency II balance sheet</td><td>-</td></tr>
<tr><td>Valuation difference</td><td>(158)</td></tr>
</table></td></tr>
<tr><td>Deferred tax assets</td><td>The following section describes the valuation approach for both deferred tax assets and liabilities.

Under IFRS, a deferred tax asset represents a tax deduction that is expected to arise in a future period. It is only recognised to the extent that there is expected to be future taxable profit or investment return to offset the tax deduction. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction. All deferred tax liabilities are recognised.

Where local tax law allows, deferred tax assets and liabilities are netted off on the statement of financial position. The tax rates used to determine deferred tax are those enacted or substantively enacted at the reporting date.

Deferred tax is recognised on temporary differences arising from investments in subsidiaries and associates only when it is expected that the temporary difference will reverse in the foreseeable future and the timing of the reversal is not in our control.

Shareholder deferred tax for Solvency II valuation purposes is determined by identifying temporary differences between the fair value of assets or liabilities on the Solvency II balance sheet and their equivalent tax base. The assessment is consistent with the IFRS approach. The expiry date of any timing differences is taken into account when assessing recoverability.

The following valuation difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts:

<table>
<tr><th></th><th>£m</th></tr>
<tr><td>Deferred tax assets as per IFRS statutory accounts</td><td>18</td></tr>
<tr><td>Deferred tax assets as per Solvency II balance sheet</td><td>24</td></tr>
<tr><td>Valuation difference</td><td>6</td></tr>
</table>
Deferred tax valuation differences are primarily attributable to the different valuation methods applied for assets and liabilities between the Solvency II balance sheet and the IFRS statutory accounts.

Due to uncertainty regarding recoverability, deferred tax has not been recognised in respect of the following assets:
• Tax reserves of the Germany branch of SLAL of £20m
• Unrealised investment losses of £12m</td></tr>
</table>

Balance sheet caption	Description of basis and method of valuation
Pension benefit surplus	The Group's Solvency II balance sheet at 31 December 2016 uses an IFRS approach for the recognition and valuation of pension benefit surplus. There is therefore no valuation difference between the Solvency II and IFRS valuations. Under IFRS, the statement of financial position must reflect assets or liabilities relating to each defined benefit pension plan. The liability recognised is the present value of the defined benefit obligation (estimated future cash flows are discounted using the yields on high quality corporate bonds) less the fair value of plan assets, if any. If the fair value of the plan assets exceeds the defined benefit obligation, a pension surplus is only recognised if the Group considers that it has an unconditional right to a refund. The amount of surplus recognised will be limited by tax and expenses. Pension benefit surplus as per Solvency II balance sheet: £m 1,093 Further information about the Group's pension and other post-retirement benefit provisions, including the key assumptions and judgements used, is included in Note 37 to the Group financial statements on pages 168 to 173 of the Group's Annual report and accounts 2016. An analysis of the defined benefit plan assets and the percentage of each class of asset with respect to the total defined benefit plan assets is provided below.

	Total £m	Total %
Derivatives	340	7
Equities and collective investments undertakings	1,199	24
Bonds	3,547	71
Qualifying insurance policies	5	-
Cash and cash equivalents	204	4
Liability in respect of collateral held	(292)	(6)
Other	(4)	-
Total	4,999	100

Balance sheet caption	Description of basis and method of valuation
Property, plant and equipment held for own use	**Property held for own use** Within the Group's IFRS statutory accounts, property held for own use (owner occupied property) is initially recognised at cost. Owner occupied property is revalued at each reporting date to the fair value as provided by the most recent independent valuation less any subsequent accumulated depreciation. The useful life of owner occupied property is considered as between 30 and 50 years. These properties are depreciated down to their estimated residual values over their useful life and therefore depreciation is only charged if the residual value expected at the end of the property's useful life is lower than the fair value. The methodology used to value owner-occupied property is consistent between the IFRS statutory accounts and the Solvency II balance sheet and the IFRS accounting values do not differ materially from fair value. **Plant and equipment held for own use** Within the Group's IFRS statutory accounts, plant and equipment is initially recognised at cost and subsequently measured at cost less depreciation. Depreciation is charged to the income statement over 2 to 15 years depending on the length of time the Group expects to derive benefit from the asset. Under Solvency II valuation guidelines, plant and equipment is recognised at fair value. The IFRS accounting values do not differ materially from the fair values and hence there is no valuation difference between the Solvency II balance sheet and the IFRS statutory accounts. Property, plant and equipment held for own use as per Solvency II balance sheet: £m 62

<table>
<tr><th>Balance sheet caption</th><th>Description of basis and method of valuation</th></tr>
<tr><td>Investments

(other than assets held for index-linked and unit-linked contracts)</td><td>
Property (other than for own use)
In the Group's IFRS statutory accounts, property held for long-term rental yields or investment gain that is not occupied by the Group and property being constructed or developed for future use as investment property are classified as investment property. Investment property is initially recognised at cost and subsequently measured at fair value.

There are no valuation differences between the Solvency II balance sheet and the IFRS statutory accounts for property (other than for own use).

<table>
<tr><th></th><th>£m</th></tr>
<tr><td>Property (other than for own use) as per Solvency II balance sheet</td><td>1,077</td></tr>
</table>

Holdings in related undertakings, including participations
<u>Classification</u>
Under Solvency II, the Group has a participation in another undertaking when it has ownership, directly or indirectly, of 20% or more of the voting rights or capital of an undertaking. Undertakings will also be treated as participations where significant influence is effectively exercised by the parent. Where control exists, a participation is treated as a subsidiary, where significant influence exists without control, a participation is treated as an associate or joint venture.

Joint ventures are strategic investments where the Group has agreed to share control of an entity's financial and operating policies through a shareholders' agreement and decisions can only be taken with unanimous consent.

The concepts of participation and control under Solvency II are consistent with the approaches taken in identifying subsidiaries, associates and joint ventures in defining the scope of the consolidated Group IFRS statutory accounts. The IFRS control assessment considers the rights of the Group to direct the relevant activities of the vehicle, its exposure to variability of returns and the ability to affect those returns using its power. Associates are entities where the Group can significantly influence decisions made relating to the financial and operating policies of the entity but does not control the entity. For entities where voting rights exist, significant influence is presumed where the Group holds between 20% and 50% of the voting rights. The Group also considers itself to have significant influence over investment vehicles where, through its role as investment manager, it has power over the investment decisions of the vehicle. As a result, the Group classifies as associates all Group managed investment vehicles which are not subsidiaries and in which the Group holds an investment, even though it may hold less than 20% of the voting rights of the investment vehicle.

Under Solvency II, the Group classifies holdings in Collective Investments Undertakings which are subsidiaries and associates as participations. Collective Investments Undertakings comprise open ended funds (such as OEICs and unit trusts) and closed ended investment funds (such as private equity funds and investment trusts).

<u>Valuation</u>
In the Group's IFRS statutory accounts, subsidiaries are consolidated on a line-by-line basis. For Solvency II, as explained in Section E.1.3, some subsidiaries are consolidated on a line-by-line basis using the accounting consolidation approach and some subsidiaries are included as participations using the deduction and aggregation approach. Where participations are operating subsidiaries, they are valued using an adjusted equity approach.

Holdings in Collective Investments Undertakings which are classified as subsidiaries under IFRS are valued in IFRS by looking through to the fair value of the underlying assets and liabilities held within each fund. Under Solvency II, these holdings are held at fair value, valued using published prices where these are available.

In the Group's IFRS statutory accounts, where the Group has an associate, a portion of which is held by, or is held indirectly through, a mutual fund, unit trust or similar entity, including investment-linked insurance funds, that portion of the investment is measured at fair value. The Solvency II valuation methodology is the same as for IFRS.

In the Group's IFRS statutory accounts, associates, other than those accounted for at fair value, and joint ventures are accounted for using the equity method from the date that significant influence or shared control, respectively, commences until the date this ceases with consistent accounting policies applied throughout. Under the equity method, investments in associates and joint ventures are initially recognised at cost and include any goodwill identified on acquisition. The carrying value is adjusted for the Group's share of post-acquisition profit or loss and other comprehensive income of the associate or joint venture. The carrying value is also adjusted for any impairment losses. Under Solvency II, an adjusted equity approach is used, except for HDFC Standard Life Insurance Company Limited (HDFC Life), which is valued using an IFRS equity approach.
</td></tr>
</table>

Balance sheet caption	Description of basis and method of valuation
	With the exception of HDFC Life, the only participations not valued using quoted market prices in active markets or the adjusted equity method are closed ended investment funds where quoted prices in active markets are not available. For these participations, fair value in the IFRS accounts is determined based on alternative valuation techniques. Such valuations are deemed to be consistent with economic value.

The following valuation difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts:

	£m
Holdings in related undertakings, including participations as per IFRS statutory accounts	24,453
Holdings in related undertakings, including participations as per Solvency II balance sheet	23,923
Valuation difference	(530)

The difference in valuation of participations is analysed as follows:

	£m
Subsidiaries	(581)
Joint venture	57
Associates	(6)
Total	(530)

The following valuation difference can be seen for participations that are subsidiaries:

	£m
Investments in subsidiaries as per IFRS statutory accounts	23,223
Investments in subsidiaries as per Solvency II balance sheet	22,642
Valuation difference	(581)

Valuation differences relating to participations that are subsidiaries relate to the following entities:

Name	Solvency II valuation basis	Valuation difference £m
Standard Life International Designated Activity Company	adjusted equity (Solvency II rules for insurance undertakings)	47
Standard Life (Asia) Limited		(26)
Standard Life Investments (Holdings) Limited (consolidated)	adjusted equity (sectoral rules for other financial sector entities)	(473)
Standard Life Savings Limited		(25)
1825 Financial Planning Limited's regulated subsidiaries		(15)
Standard Life Client Management Limited		(2)
Standard Life European Private Equity Trust plc (renamed Standard Life Private Equity Trust plc on 1 February 2017)	quoted market price	(15)
Focus Solutions Group Limited	adjusted equity	(23)
Vebnet (Holdings) Limited		(18)
Threesixty Support LLP		(26)
Other entities		(5)
Total		(581)

The valuation difference relating to Standard Life Investments (Holdings) Limited (and other entities valued using sectoral rules) primarily relates to the value of goodwill and intangible assets which are included in the IFRS statutory accounts value and excluded from the sectoral rules valuation used for Solvency II. In addition, profits are only included in the sectoral valuations once they have been verified. The valuation difference relating to other entities valued using the adjusted equity approach is mainly due to the exclusion of goodwill and intangibles under Solvency II and, for insurance undertakings, the different approach to valuing technical provisions under Solvency II as explained in

Balance sheet caption	Description of basis and method of valuation
	Section D.2.3.

The valuation difference relating to Standard Life European Private Equity Trust plc reflects the difference between the quoted price used for Solvency II and the fair value of underlying assets and liabilities used for IFRS valuation.

The following valuation differences between Solvency II and IFRS can be seen for participations that are joint ventures:

	£m
Investment in joint ventures as per IFRS statutory accounts	88
Investment in joint ventures as per Solvency II balance sheet	145
Valuation difference	57

The above difference is due to Heng An Standard Life Insurance Company Limited being brought into the Solvency II balance sheet on a Solvency II adjusted equity basis.

The following valuation differences between Solvency II and IFRS can be seen for participations that are associates:

	£m
Investments in associates as per IFRS statutory accounts	1,142
Investments in associates as per Solvency II balance sheet	1,136
Valuation difference	(6)

The above valuation difference is due to intangible assets relating to the Group's holding in Tenet Group Limited, which are not recognised under Solvency II.

The balance sheet value of associates, for both IFRS and Solvency II, includes £363m in respect of HDFC Life. As explained in Section E.1, there is a deduction from own funds to remove the carrying value of HDFC Life due to non-availability of necessary information.

Equities

Equities - listed

In the Group's IFRS statutory accounts, equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. These instruments are generally considered to be quoted in an active market.

The methodology used to value listed equities is consistent between the IFRS statutory accounts and the Solvency II balance sheet.

	£m
Equities - listed as per Solvency II balance sheet	3,247

Equities - unlisted

At 31 December 2016, there is an immaterial value of unlisted equities.

Bonds

In the Group IFRS statutory accounts, debt securities (referred to as bonds under Solvency II) are valued at fair value. There are no differences between the IFRS and Solvency II values.

Government Bonds

Government, including provincial and municipal, and supranational institution bonds

	£m
Government Bonds as per Solvency II balance sheet	10,115

Corporate Bonds

	£m
Corporate Bonds as per Solvency II balance sheet	11,281

<table>
<tr><th>Balance sheet caption</th><th>Description of basis and method of valuation</th></tr>
<tr><td></td><td>
<u>Collateralised Securities</u>
Collateralised securities are valued in the same way as non-collateralised bonds.

<table><tr><th></th><th>£m</th></tr><tr><td>Collateralised Securities as per Solvency II balance sheet</td><td>221</td></tr></table>

Collective Investments Undertakings
In the Group IFRS statutory accounts, interests in pooled investment funds (referred to as Collective Investments Undertakings under Solvency II) are held at fair value. There are no valuation differences between the Solvency II balance sheet and the IFRS statutory accounts.

<table><tr><th></th><th>£m</th></tr><tr><td>Collective Investments Undertakings as per Solvency II balance sheet</td><td>92</td></tr></table>

Derivatives
Derivative assets are held at fair value in the IFRS statutory accounts. There are no valuation differences between the Solvency II balance sheet and the IFRS statutory accounts.

<table><tr><th></th><th>£m</th></tr><tr><td>Derivatives as per Solvency II balance sheet</td><td>2,186</td></tr></table>

Deposits other than cash equivalents
Deposits other than cash equivalents are carried at amortised cost in the IFRS statutory accounts. It is a requirement of IFRS that the Group separately discloses the fair value of such assets in a note to the accounts, to the extent that this is materially different from the carrying value. At 31 December 2016, there is no valuation difference between the Solvency II balance sheet and the IFRS statutory accounts.

<table><tr><th></th><th>£m</th></tr><tr><td>Deposits other than cash equivalents as per Solvency II balance sheet</td><td>99</td></tr></table>
</td></tr>
<tr><td>Assets held for index-linked and unit-linked contracts</td><td>
In the Group IFRS statutory accounts, assets held for index-linked and unit-linked contracts include some interests in pooled investment funds which are subsidiaries. These interests in pooled investment funds which are subsidiaries are valued by looking through to the fair value of the underlying assets and liabilities held within each fund. Solvency II valuations use published prices where these are available.

Other assets held for index-linked and unit-linked contracts are valued at fair value using prices sourced from the primary exchange on which they are listed where these are available or alternative valuation methods where published prices are not available.

For the Solvency II balance sheet, assets held for index-linked and unit-linked contracts are held at fair value, valued using published prices where these are available.

Accordingly, there is the following valuation difference between the Solvency II balance sheet and the IFRS statutory accounts:

<table><tr><th></th><th>£m</th></tr>
<tr><td>Assets held for index-linked and unit-linked contracts as per IFRS statutory accounts</td><td>99,691</td></tr>
<tr><td>Assets held for index-linked and unit-linked contracts as per Solvency II balance sheet</td><td>99,649</td></tr>
<tr><td>Valuation difference</td><td>(42)</td></tr></table>

The above difference relates to the valuation of Standard Life European Private Equity Trust plc (renamed Standard Life Private Equity Trust plc on 1 February 2017) and reflects the difference between the quoted price used for Solvency II and the fair value of underlying assets and liabilities used for IFRS valuation.
</td></tr>
</table>

<table>
<tr><th>Balance sheet caption</th><th>Description of basis and method of valuation</th></tr>
<tr><td>Loans and mortgages</td><td>
Assets categorised as Loans and mortgages in the Solvency II balance sheet include Commercial Real Estate Loans (CREL), infrastructure loans, loans to individuals, intra-group loans and loans on policies. Valuation differences between the Solvency II balance sheet and the IFRS statutory accounts arise in respect of loans to individuals.
In the Group IFRS statutory accounts, CREL and infrastructure loans are measured at fair value using valuation models. The same approach to calculating fair value is used in the Solvency II balance sheet and accordingly there are no valuation differences with the Solvency II value.
In the Group IFRS statutory accounts, loans to individuals are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method, less any impairment losses. The fair value of these loans is disclosed in addition to their carrying value.
Loans not carried at fair value in the IFRS statutory accounts are restated to fair value in the Solvency II balance sheet. The following total difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts:
<table>
<tr><th></th><th>£m</th></tr>
<tr><td>Loans and mortgages as per IFRS statutory accounts</td><td>553</td></tr>
<tr><td>Loans and mortgages as per Solvency II balance sheet</td><td>551</td></tr>
<tr><td>Valuation difference</td><td>(2)</td></tr>
</table>
The above difference in valuation of Loans and mortgages relates to loans to individuals.
</td></tr>
<tr><td>Reinsurance recoverables</td><td>
Under IFRS, reinsurance recoverables are measured using valuation techniques and assumptions that are consistent with the valuation techniques and assumptions used in measuring the underlying policy benefits and taking into account the terms of the reinsurance contract.
For Solvency II balance sheet purposes, reinsurance recoverables are valued using the cash flow projection model that is used to calculate the best estimate liabilities. Refer to Section D.2 for details on calculation of best estimate of liabilities and to Section D.2.5 for details of the reinsurance arrangements in place. The reinsurance assets are adjusted for expected defaults. The payment pattern for reinsurance assets is assumed to be the same as the gross claims payment patterns for this purpose. Any short term variations in actual payments are reflected in the reinsurance recoverable.
Accordingly, the following valuation difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts:
<table>
<tr><th></th><th>£m</th></tr>
<tr><td>Reinsurance recoverables as per IFRS statutory accounts</td><td>9,157</td></tr>
<tr><td>Reinsurance recoverables as per Solvency II balance sheet</td><td>8,897</td></tr>
<tr><td>Valuation difference</td><td>(260)</td></tr>
</table>
</td></tr>
<tr><td>Insurance and intermediaries receivables</td><td>
Insurance and intermediaries receivables are stated at realisable value in the Solvency II balance sheet. This is consistent with the valuation approach followed in the IFRS statutory accounts.
<table>
<tr><th></th><th>£m</th></tr>
<tr><td>Insurance and intermediaries receivables as per Solvency II balance sheet</td><td>108</td></tr>
</table>
</td></tr>
<tr><td>Reinsurance receivables</td><td>
Reinsurance receivables are stated at realisable value in the Solvency II balance sheet. This is consistent with the valuation approach followed in the IFRS statutory accounts. At 31 December 2016, there is an immaterial value of reinsurance receivables.
</td></tr>
<tr><td>Receivables (trade, not insurance)</td><td>
Trade and other receivables are stated at realisable value in the Solvency II balance sheet. This is consistent with the valuation approach followed in the IFRS statutory accounts.
<table>
<tr><th></th><th>£m</th></tr>
<tr><td>Receivables (trade, not insurance) as per Solvency II balance sheet</td><td>306</td></tr>
</table>
</td></tr>
</table>

Balance sheet caption	Description of basis and method of valuation
Own Shares (held directly)	IFRS statutory accounts exclude own shares from balance sheet assets whereas the Solvency II balance sheet includes own shares held within assets. The following valuation differences can be observed between the Solvency II balance sheet and the IFRS statutory accounts: £m Own Shares as per IFRS statutory accounts: - Own Shares as per Solvency II balance sheet: 2 Valuation difference: 2
Cash and cash equivalents	Cash and cash equivalents comprise cash balances and demand deposits directly usable for making payments, which are valued at amounts receivable on demand. There is no difference between the valuation basis for the Solvency II balance sheet and the IFRS statutory accounts. £m Cash and cash equivalents as per Solvency II balance sheet: 139

Leasing arrangements
The only material classes of assets subject to leasing arrangements are property, in relation to operating leases for property (where the Group is the lessor), and property, plant and equipment held for own use (where the Group is the lessee). Further information about operating leases for investment property is provided in Note 19 to the Group financial statements on page 148 of the Group's Annual report and accounts 2016. Further information about operating lease commitments for property, plant and equipment held for own use is provided in Note 46 to the Group financial statements on page 205 of the Group's Annual report and accounts 2016.

D.2 Technical provisions

This section provides information on the valuation of technical provisions.

The total value of technical provisions in the Group's Solvency II balance sheet at 31 December 2016, as shown in QRT S.02.01.02 in Appendix 2, was £145,311m.

As explained in Section E.1.3, within the Group balance sheet two consolidation methods are used for insurance undertakings within the scope of the Group for Solvency II. The largest insurance undertaking, SLAL, is included using consolidation method 1 on a line-by-line basis. The Standard Life Assurance Company 2006 (SLAC 2006) and Standard Life Pension Funds Limited (SLPF) are also consolidated using method 1 on a line-by-line basis, meaning that technical provisions relating to these entities are consolidated into the technical provisions lines in the Group Solvency II balance sheet.

Some of the insurance undertakings within the scope of the Group for Solvency II are consolidated using method 2 on a 'deduction and aggregation' basis, which involves bringing in the total Solvency II value of those entities within the participations line item in the Group Solvency II balance sheet. This method of consolidation means that technical provisions relating to these entities are not consolidated into the technical provisions lines in the Group balance sheet.

Insurance undertakings within the scope of the Group that are included on a deduction and aggregation basis are as follows:

- Standard Life International Designated Activity Company (SL Intl)
- Heng An Standard Life Insurance Company Limited (HASL)
- Standard Life (Asia) Limited (SLA)

Since these undertakings are included in the Group Solvency II balance sheet as participations, they do not contribute to Group technical provisions and are therefore not included in this section. In addition, HDFC Life has been excluded due to non-availability of necessary information.

No adjustment has been made to solo technical provisions in respect of intra-group arrangements with Standard Life Investments, for example in relation to investment management charges. This is due to the different group consolidation approaches between the full consolidation of SLAL and the use of relevant sectoral rules to consolidate Standard Life Investments.

Neither SLAC 2006 nor SLPF have material values of technical provisions (£nil and £11m respectively). The remainder of this section therefore focuses on SLAL, which is the only insurance entity within the Group with material technical provisions in the Group balance sheet at 31 December 2016. Due to the nature of the business, the value of Group technical provisions (£145,311m) which consists of the technical provisions of SLAL, SLAC 2006 and SLPF net of intra-group transactions, is materially the same as SLAL's solo technical provisions before the elimination of intra-group transactions (£145,309m).

D.2.1 Overview

The value of technical provisions corresponds to the amount to be paid if SLAL's insurance obligations were immediately transferred to another insurance undertaking, making use of and consistent with information provided by the financial markets and generally available data on underwriting risks.

The value of technical provisions is determined as the sum of a best estimate and a risk margin.

The best estimate is a probability weighted average of future cash flows, taking account of the time value of money, using an appropriate risk free interest rate term structure. The calculation is based upon realistic assumptions, using appropriate actuarial and statistical methods and taking account of all future cash inflows and outflows required to settle the insurance obligations.

The risk margin is the additional amount required to ensure that the value of the technical provisions is equivalent to the amount that another insurance undertaking would be expected to require in order to take over and meet the insurance obligations.

The best estimate and the risk margin are typically calculated separately. The exception to this is where future cash flows can be replicated reliably using financial instruments for which a reliable market value is observable (such as unit-linked fund values) in which case the value of technical provisions equals the market value of those financial instruments ('technical provisions as a whole').

SLAL's Solvency II technical provisions comprise the following three components, depending on the line of business:

- Technical provisions as a whole
- Best estimate liabilities
- Risk margin

In addition, SLAL has approval from the Prudential Regulation Authority (PRA) to apply the transitional measure on technical provisions. This allows for a deduction from technical provisions which reduces to zero over the transitional period of 16 years.

The valuation approach is summarised in subsequent sections.

D.2.1.1 Segmentation

For the purpose of Solvency II reporting, lines of business are as follows:

- Insurance with profit participation – includes all conventional and unitised with profits business
- Index-linked and unit-linked insurance – unit-linked business, including the present value of future profits
- Other life insurance – immediate and deferred annuities; protection; other non-with profits business; also includes the non-investment component of with profits business written since demutualisation
- Health insurance – including permanent health insurance and income protection

At 31 December 2016, the contribution to technical provisions from each line of business was as follows:

SLAL technical provisions

Line of Business	Technical provisions as a whole £m	Best estimate liability £m	Risk margin* £m	Amount of the transitional measure on technical provisions* £m	Total technical provisions £m
Insurance with profit participation	-	29,105	112	7	29,224
Index-linked and unit-linked insurance	103,428	(2,437)	487	(703)	100,775
Other life insurance	-	14,933	1,271	(1,049)	15,155
Health Insurance	-	155	-	-	155
Total	103,428	41,756	1,870	(1,745)	145,309

* Unaudited

Standard Life Group technical provisions

Line of Business	Technical provisions as a whole £m	Best estimate liability £m	Risk margin* £m	Amount of the transitional measure on technical provisions* £m	Total technical provisions £m
Insurance with profit participation	-	29,105	112	7	29,224
Index-linked and unit-linked insurance	103,428	(2,437)	487	(703)	100,775
Other life insurance	-	14,934	1,272	(1,049)	15,157
Health Insurance	-	155	-	-	155
Total	103,428	41,757	1,871	(1,745)	145,311

* Unaudited

The Solvency II technical provisions at a consolidated group level (£145,311m) are effectively equal to the SLAL solo technical provisions (£145,309m) with a small additional consolidation adjustment in respect of SLPF and SLAC 2006.

Within each line of business, the valuation of cash flows is determined at policy level, except that similar policies are grouped together when appropriate for the purposes of the stochastic modelling of with profits liabilities.

This business is written in the UK, Ireland and Germany, with cash flows denominated in Sterling for UK and Euro for Ireland and Germany (converted to Sterling for consolidation).

The following sections describe, for each line of business, the nature of cash flows and the valuation methodology. The description of the ‘Other life insurance’ line of business is split into annuity business, and protection/ other business. Health insurance is less significant than other lines and is valued in a similar way as protection business.

D.2.1.2 Insurance with profit participation

D.2.1.2.1 Nature of business

SLAL has written a number of contract variations on a with profits basis – in the UK, Germany and Ireland. While these contracts may differ in certain aspects of the product features, they share the common feature that they offer a form of investment guarantee:

- UK and Ireland Conventional With Profits (CWP) – generally, a guaranteed benefit is set at the time the policy is issued to be paid on a date or events specified. Regular bonuses may be added to the guaranteed benefit over the term of the policy. In addition, a final bonus may be paid.
- UK and Ireland Unitised With Profits (UWP) – under this type of with profits policy contractual benefits are determined by reference to the number of units allocated under the relevant unitised with profits policy. The number of units allocated increases on payment of premiums. Typically, for this type of policy, unit prices grow at a guaranteed minimum growth rate (either 0%, 3% or 4% a year) plus any (additional) bonus growth rate. The unit value of a policy is normally guaranteed as a minimum payout in specific circumstances. In addition a final bonus may be payable when benefits are taken.
- Germany unitised with profits contracts – a nominal value of units, which can grow with declared bonuses, is guaranteed on death, maturity and in some cases surrender. There are also guaranteed amounts (based on specified growth rates applied to all past and future premiums; depending on the contract, the rate is 1.2%, 2.375%, 2.875% or 4.875% a year) payable at maturity and, in some cases, surrender and selected other dates; in some cases these guaranteed amounts may be payable as an annuity.

The ‘asset share’ is a measure of the with profits policy value at the valuation date.

In addition to the asset share, best estimate liabilities include an allowance for the following cash flows:

- Future cost of guarantees: The cost of investment guarantees (which can apply on maturity, death or surrender depending on the contract) is assessed relative to the asset share
- Guaranteed annuity rates and values: Costs can arise when the guaranteed annuity (available on some UK, Ireland and Germany contracts) is greater than the expected future market annuity rate
- Future guarantee deductions: Deductions are made from the asset share in respect of the expected future cost of guarantees, and are charged for by a percentage deduction applied to asset shares. The deductions vary between policy groups and over time.
- Future profits: Present value of future profits (PVIF) in respect of UWP and CWP contracts, calculated in a manner consistent with unit-linked contracts

Additional liabilities arise in respect of SLAL's treatment of smoothing on with profits claims, with profits payout practice in respect of unitised pension business ('vintage unit' approach) and the Mortgage Endowment Promise relating to minimum payouts on endowments backing house purchases.

D.2.1.2.2 Valuation approach

The best estimate liability corresponds to the probability weighted average of future cash flows, taking account of the time value of money (expected present value of future cash flows), using the relevant risk free interest rate term structure and taking account of uncertainties in the cash flows.

In practice, we interpret these requirements as being equivalent to a current value of the policy at the valuation date (asset share) plus a valuation of future guarantee (and other) costs calculated on a stochastic basis.

Therefore, depending on the contract type, the best estimate liability for with profits contracts is made up of the following components:

- Asset share

Less present value of:

- Deduction for guarantees
- Future profits

Plus present value of:

- Cost of guarantees
- Guarantee annuity costs
- Smoothing cost
- Mortgage Endowment Promise
- Vintage unit cost, and other non-contractual commitments

Asset shares are derived from a policy by policy retrospective roll-up of premiums allowing for investment returns on with profits assets backing this business, mortality charges, expenses and charges and tax. SLAL adopts a range of methods to determine the asset share, as appropriate to the different types of contracts and the materiality, in a manner consistent with the approach used to determine asset shares for with profits payout purposes. A projection of the future value of the asset share is used in the valuation of future modelled cash flows (for example in the valuation of future cost of guarantees and future profits).

For this class of business, the policyholder payout is a function of investment performance and is subject to a financial guarantee. The effect of the guarantee is to render the possible future outcomes 'asymmetrical', and so the approach adopted considers deviations of future events from their expected values. SLAL uses a simulation technique to place a value on cash flows that are subject to financial guarantees. This considers a wide range of investment performance scenarios (produced by an economic scenario generator or 'ESG') and calculates the cash flow amounts payable in each scenario, having regard to the guarantees.

The stochastic method adopted is consistent with generally accepted actuarial practice and will most appropriately allow for the possibility of an asymmetrical outcome (uncertainty of cash flows). The nature of the approach is summarised below:

- Takes into account all cash flows, notably any guarantees and options on the contracts and the likelihood that policyholders may exercise these options
- Costs calculated stochastically are: investment guarantees offered on contracts; annuity conversion offered on guaranteed terms; inability to recycle smoothing cost due to guarantees biting; minimum payouts in respect of endowments backing house purchases. These costs are offset by the value of: future deductions taken to cover investment guarantee costs; future contributions to capital (profits) accruing to the with profits funds.
- A large number of simulated future investment returns are generated by the ESG, cash flows projected, guarantee (and other) costs emerging on the contracts calculated and costs discounted to the balance sheet. The final cost is taken as the average value across these simulations.
- Provided the scenarios produced by the ESG satisfy certain conditions, the average across the scenarios of the discounted value of the cash flows gives the value of the liabilities allowing for the guarantee
- Policy data applied in the cash flow projection is derived from core policy systems. Similar policies are grouped together for practical modelling reasons.
- The key assumptions used in the projection are the simulated investment returns, charges, expenses, best estimate persistency and mortality rates. The approach to determining the simulated future investment returns

(ESG) and the best estimate persistency and mortality/ longevity rates are covered in Sections D.2.1.9 and D.2.1.8 respectively.
- The projection makes an allowance for policyholder behaviour in light of the guarantees and options available
- The projection simulates the management actions that are applied in the respective with profits funds. This includes the regular review of deductions for guarantees, the application of smoothing on payouts, management of with profits assets and determination of regular bonus rates.

D.2.1.3 Index-linked and unit-linked insurance

D.2.1.3.1 Nature of business

The unitised contracts include the following policy types: UK unitised life, UK group unitised pensions, UK individual unitised pensions, UK Self Invested Personal Pensions (SIPP), Ireland unitised life, Ireland unitised pensions and Germany unit-linked.

The UK and Ireland life product types include bonds and endowments, and pension product types include group pensions, individual pensions, SIPP and stakeholder pensions.

Policies that have units in both unit-linked and UWP funds are referred to as 'hybrid' policies. The valuation of the UWP related cash flows are described in Section D.2.1.2.

The unit-linked product in Germany is a deferred annuity contract with an option to take the benefits in cash at retirement. A loyalty bonus may be payable.

D.2.1.3.2 Valuation approach

The non-with profits unit-linked fund values meet the requirements to be a replicating portfolio. Therefore the gross unit fund value including any allowance for outstanding charges in respect of initial expenses, with no associated risk margin, is treated as 'technical provisions as a whole'.

The overall technical provision for a unit-linked contract then comprises the following components:

- Technical provisions as a whole (unit fund)
- Best estimate liability component (PVIF) plus risk margin on PVIF

The best estimate is required to be a probability weighted average of future cash flows. The PVIF is calculated deterministically.

To calculate the PVIF, best estimate charge income and expense cash flows are projected, with the unit fund rolled up at the same risk free interest rate term structure that is used for discounting the net cash flows. The projection is carried out using best estimate assumptions. The best estimate assumptions and Solvency II yield curve are described in Sections D.2.1.8 and D.2.1.9.

Depending on the nature of the contract, the unit-linked PVIF valuation allows for the following cash flows:

- Inflows: fund management charge (net of large fund discounts), unallocated premiums, surrender penalties, policy fees, tax relief (on expenses and commission)
- Outflows: commission, initial expenses, renewal expenses, termination expenses, investment expenses, adviser payments, member fees, external fund manager charges, loyalty bonus

D.2.1.4 Other life insurance – annuities

D.2.1.4.1 Nature of business

This category of business covers the following contract classes:

- Pensions Annuities – typically providing an income for life, with various policyholder options selected at outset (single/joint life, guaranteed period, escalation rate)
- Purchased Life Annuities – tax efficient lump sum investment contracts providing an income for life or over a selected period, again with policyholder options (guaranteed period, escalation rate)
- Deferred Annuities – pension savings products where the premiums paid purchase an annuity from a specified retirement date in the future

D.2.1.4.2 Valuation approach

The best estimate liability is derived using a deterministic discounted cash flow approach. The valuation approach projects the cash flows for each annuity contract and their underlying features, and the best estimate liability is equal to the annuity payments and expenses discounted using the Solvency II Sterling or Euro yield curve (with a matching or volatility adjustment as appropriate). The projection is carried out using best estimate assumptions, allowing for the relevant survival probabilities. The Solvency II yield curve and other best estimate assumptions are described within Sections D.2.1.8 and D.2.1.9.

Annuity payments are calculated based on the specifics of each contract. The benefit payments projected reflect any guarantee period, whether the payment can step up or step down, the level of payment escalation (including RPI and LPI), payment frequency and dependant's benefits. Expenses include renewal, termination and investment expenses, allowing for expense inflation as appropriate.

Best estimate liabilities are calculated excluding any reinsurance cash flows, with a separate valuation of the reinsurance recoveries receivable performed on a consistent basis.

D.2.1.5 Other life insurance – protection and other business (including health)

D.2.1.5.1 Nature of business

This category of business covers conventional non-participating savings, protection and health contracts. The protection products include term assurance, critical illness and protection riders on other policies such as pension policies. Savings products include endowment assurances, pension endowments and pure endowments. Health products include permanent health insurance and income protection.

The non-investment component of with profits business written since demutualisation is included within this line of business and is valued in the same way as unit-linked PVIF (covered in Section D.2.1.3).

D.2.1.5.2 Valuation approach

A cash flow approach is used to determine the best estimate liabilities as the expected present value of a contract, allowing for the following cash flows:

- Inflows (premiums, tax relief), less
- Outflows (claims, expenses, commission, investment expenses, tax payable)

Best estimate liabilities are calculated excluding any reinsurance cash flows, with a separate valuation of the reinsurance asset allowing for reinsurance recoveries receivable and reinsurance premiums payable.

These cash flows are discounted using the relevant Solvency II yield curve.

D.2.1.6 Other technical provision considerations

D.2.1.6.1 Contract boundaries

The boundary of an insurance contract (or reinsurance contract) defines the cash flows which must be taken into account when calculating the technical provision in respect of that contract. Only cash flows that relate to premiums payable up to and including the contract boundary should be taken into account. These cash flows include not only those premiums, but also benefit payouts, charges, expenses and other cash flows related to the premiums within the contract boundary. For the avoidance of doubt, all premiums which have been paid up to and including the reporting date are included in the boundary of the contract. That means that all the related cash flows in respect of premiums paid up to and including the reporting date are included in the calculation of technical provisions.

In general, future premiums on products with insurance cover and premiums invested into with profits funds or into unit-linked funds with a contractual cap on annual management fees are included within the contract boundary. Future premiums into funds with no guarantees and no cap on charges are not included within the contract boundary, even where the policyholder has the right to invest future premiums into with profits or a fund with a charge cap. In this case, the contract boundary is at the reporting date.

Contracts currently investing in a combination of with profits funds, funds with a charge cap and funds with no guarantee or charge cap are unbundled to allow for different contract boundaries on the different parts of the contract.

D.2.1.6.2 Expenses

The following best estimate expense provisions are held within the 'Other life insurance' technical provisions:

- Where there are known mandatory requirements (e.g. regulatory development costs), provisions are held to cover the costs at an aggregate level
- Product development and exceptional costs that SLAL has committed to incur in the year after the valuation date
- Ex-gratia payments if additional costs (e.g. legal) would be expected if the payments were not made
- Shared services costs which would fall to SLAL if it operated as a standalone undertaking (excluding those costs currently recharged to SLAL, as these are allowed for in the best estimate maintenance expense assumption)

D.2.1.6.3 Residual estate

The Scheme of Demutualisation requires that the residual estate of the Heritage With Profits Fund (HWPF) should be distributed to with profits policyholders of the fund in the form of enhancements to terminal bonuses. Under Solvency II, the residual estate is not included in technical provisions. Therefore, the residual estate forms part of the own funds of the HWPF.

D.2.1.7 Risk margin (unaudited)

The value of technical provisions is equal to the sum of a best estimate and a risk margin (plus technical provisions as a whole). The risk margin is held in respect of non-hedgeable risks and is required to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

When calculated separately, the risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the solvency capital requirement (SCR) in respect of non-hedgeable risks necessary to support the insurance obligations over their lifetime. The cost of capital in this calculation is prescribed.

In theory, the calculation of the risk margin involves a projection of future SCRs. A simplified approach to determining these SCRs is permitted by the regulations and this has been implemented using a risk driver based approach. For each risk and product group, a risk driver is chosen that approximates the expected run off pattern of the capital relating to that risk. For example, the present value of future expenses at each future date will drive the expense risk capital at that date so this is selected as the risk driver for expense risk. The appropriate risk drivers are regularly reviewed. This ensures that they accurately reflect the size of the risk exposure and that the run off of the risk driver is consistent with, and materially captures, the run off of the underlying risk.

D.2.1.8 Non-economic bases

Non-economic assumptions are determined from annual experience investigations, are subject to detailed internal review and are approved by the SLAL board. Best estimate assumptions are made in respect of future levels of longevity, mortality, surrenders, withdrawals, premium indexation and expenses. The assumptions vary depending on whether the business is written in the UK, Germany or Ireland. These assumptions reflect our best estimates of likely future experience, based on recent experience and relevant industry data as appropriate. The approach is to treat the best estimate assumptions as the median of the range of possible assumptions.

Mortality / longevity assumptions are a combination of base mortality rates, which are set by reference to recent experience and, for annuities, expected future changes in mortality. The latter uses entity-specific considerations, along with data from external sources such as the Continuous Mortality Investigation Bureau (CMI) in the UK, which produces standard mortality tables and projection bases for mortality improvements.

Assumptions regarding surrender and withdrawal reflect recent experience, but the modelling additionally takes into account the risk of selective behaviour by individual policyholders in determining whether to lapse or retain a policy.

Best estimate expense assumptions on a per policy basis are derived from an analysis of management expenses. This allows for all expenses incurred in servicing policies, including overheads, assuming that SLAL continues to write new business.

The investment management expense assumptions are derived as the best estimate of the future charges expected to be paid to Standard Life Investments, reflecting current investment management agreements, varying by the nature of assets backing technical provisions.

The main non-economic assumptions for each of the material lines of business are described below, with an indication of the factors that affect the assumption adopted.

D.2.1.8.1 Insurance with profit participation

Persistency	These assumptions cover lapse, retirement, withdrawal and paid-up rates. Depending on the assumption, they vary by: product type, duration of business, policyholder age, and territory. In addition, an allowance for dynamic policyholder behaviour is made, as described previously.
Option take-up	The valuation of guaranteed annuities requires assumptions about the future guaranteed annuity and tax free cash take-up rates. The assumption varies depending on country, product, and the age at which the guarantee applies.
Longevity	This assumption is used to value guaranteed annuity terms, and varies by: gender, territory.
Mortality	Varies by: gender, product.
Premium indexation	With profits contracts in Germany give the policyholder the option of increasing their premium each year, subject to limits. Assumptions are required for both the future eligibility to premium increases, and the take-up rate. The assumption varies by: product, policy term, and maximum indexation level selected at policy outset.
Expenses	Some with profits contracts are written on an ‘expense basis’, where the asset share is determined with reference to incurred initial, renewal and termination expenses. Assumptions vary by: product, premium paying status.

D.2.1.8.2 Unit-linked

Persistency	These assumptions cover lapse, retirement, pension transfer and paid–up rates. Depending on the assumption, they vary by: product type, duration of business, policyholder age, and premium paying status.
Drawdown and withdrawal rates	Varies by: product, policyholder age.
Maintenance expenses	These include an allowance for both renewal and termination expenses, and vary by: product, premium paying status, drawdown status, and nature of investments (insured, self-invested, mutual funds).
Investment expenses	Varies by: product, long-term business fund, and with profits or not.
Mortality	Varies by: gender, product.

D.2.1.8.3 Other life insurance

Longevity	Varies by: gender, compulsory purchase or purchased life annuity, pre or post demutualisation, individual or group business, immediate or deferred annuity, and territory (UK, Germany, Ireland).
Mortality and morbidity	Varies by: gender, product, and territory.
Proportions married	Varies by: individual or group business, immediate or deferred annuity.
Maintenance expenses	These include an allowance for both renewal and termination expenses.
Investment expenses	Varies by long-term business fund.

D.2.1.9 Economic bases

The valuation of future policyholder liabilities requires best estimate economic assumptions, and in particular, a future interest rate assumption (i.e. yield curve). The basic risk free yield curves are based on swap rates, include an adjustment for credit risk and are specified by EIOPA on a monthly basis. A different yield curve is used depending on the currency of the liabilities, which for SLAL is Sterling and Euro. The curves specified by EIOPA are based on market data for the first 50 years for Sterling and 20 years for Euro, after which they converge to the ultimate forward rate which is set by EIOPA and was 4.2% at 31 December 2016.

For certain liabilities, a matching adjustment or volatility adjustment is added to the basic risk free yield curve.

D.2.1.9.1 Matching adjustment

The risk free yield can be adjusted to reflect where long-term liabilities (e.g. annuities) are backed by assets which closely match the cash flows and where these assets have yields in excess of risk free, reflecting an illiquidity premium. To the extent that the assets are expected to be held for the long term, the additional yield can be taken into account when discounting long-term liabilities. This assumes that there is no situation which could give rise to the forced sale of assets at a loss when spreads are high.

The matching adjustment is a parallel shift to both the market and extrapolated segments of the risk free curve.

Having been granted approval by the PRA, SLAL applies a matching adjustment in the valuation of UK immediate annuity liabilities. Further information on the matching adjustment is available in Section D.2.4.

D.2.1.9.2 Volatility adjustment

The volatility adjustment is designed to protect insurers with long-term liabilities from the impact of market volatility, by reducing the likelihood that insurers sell their risky assets when markets are falling.

The volatility adjustment is a parallel increase in the market segment of the risk free curve. There is no change to the ultimate forward rate. Having been granted approval by the PRA, SLAL applies a volatility adjustment in the valuation of liabilities of all contract types where a matching adjustment is not used, except for unit-linked business. Further information on the volatility adjustment is available in Section D.2.4.

D.2.1.9.3 Economic scenario generator

The valuation of insurance with profit participation liabilities uses an economic scenario generator (ESG) to generate a large number of economic scenarios for a range of asset classes on a basis that is risk neutral under the Solvency II structure. This is used to value the cost of options and guarantees embedded in with profits policies.

The ESG can model a variety of asset classes and financial variables. The asset classes modelled and the models used are summarised in the table below:

Asset Class	Model	Description
Nominal interest rates	Libor Market Model Plus (LMM+)	The LMM+ models the behaviour of risk free forward rates. The model ensures the volatility structure of the forward rates is consistent with the market swaption implied volatilities (IV). Volatilities are modelled stochastically to allow the skew and term structure of the market swaption IV surface to be captured.
Equity	Stochastic Volatility Jump Diffusion (SVJD) model	The SVJD model models the evolution of equity total returns. The volatility of future equity returns is implied from equity option prices from the market. Volatilities are modelled stochastically to allow the skew and term structure of market equity option IV surface to be captured.
Property	Fixed volatility model	Due to the lack of exchange traded property options, a simple fixed volatility model is adopted for modelling property returns.
Credit	Moody's G2 model (an extended Jarrow-Lando-Turnbull (JLT) model)	This models the evolution of credit spreads over time by modelling credit spreads, transitions, defaults and recoveries.
Real interest rates	Vasicek model (2-factor)	The 2-factor Vasicek model is a simpler interest rate model (than LMM+) which models the term structure of interest rates.

Asset Class	Model	Description
Inflation	n/a	Inflation is modelled implicitly by modelling the term structure of real interest rates. Inflation is implied by the difference between the real and nominal interest rates term structure.
Foreign Exchange	Fixed volatility model	Exchange rates are modelled as a fixed volatility mean reversion process with GBP being the base economy.

The ESG models these asset classes simultaneously so it also requires correlation assumptions to model the dependence between returns in the different asset classes. These are specified as correlations between the stochastic shocks in the asset models.

D.2.2 The level of uncertainty associated with the value of technical provisions

The level of uncertainty associated with the amount of technical provisions primarily relates to assumed future experience.

The valuation of liabilities requires assumptions about the future (e.g. longevity/mortality, persistency, option take-up, expenses, economic conditions, management actions), which are inevitably the source of some uncertainty. While the approach adopted by SLAL leads to its best estimate of future expected experience, there can be a number of alternative similarly justifiable assumptions. For example, a range of assumptions regarding the rate of future improvements in longevity could be considered reasonable. This is also particularly relevant to the treatment of future policyholder behaviour, where there is limited reliable data to support a scale of dynamic lapse rates which would allow for rates to vary depending on projected economic conditions. Given this lack of data, the complexity that a model for dynamic persistency would entail and the uncertainty in the related assumptions, a simpler approach to modelling lapse behaviour is adopted, which appropriately takes into account anti-selective behaviour.

The modelling of management actions (notably guarantee deductions) requires that at future time steps the model makes an assessment of the present value of future costs and guarantee deductions. It is not practical to perform a full stochastic calculation at every time step for this purpose and instead mathematical formulae are used to estimate the required present values. A calibration process derives scaling factors to apply to the formulaic results to best match an equivalent stochastic approach.

Overall, the vast majority of SLAL's business is explicitly modelled in the way summarised in previous sections. There is a small proportion of business which is not explicitly modelled, either because a minority of policy data has not passed data quality controls or because explicit modelling of the business would not be proportionate to the contribution to the overall balance sheet; in this case, the contribution to best estimate liabilities is derived by scaling from similar modelled business. In addition, a small proportion of liabilities are valued on a prudent basis consistent with the regulations in force prior to the commencement of Solvency II.

D.2.3 Differences between the valuation for solvency purposes and that for financial statements

IFRS contract liability valuation depends on whether the contract is defined as 'insurance' or 'investment', 'participating' or 'non-participating' business. Insurance contracts are those that transfer significant insurance risk, and 'participating' contracts are those that contain discretionary features (notably with profits business). The IFRS valuation treatment is broadly as follows:

- Participating contracts – valued on the PRA Realistic Balance Sheet basis which applied before Solvency II came into force. This is a best estimate approach similar in manner to the valuation of with profits under Solvency II described above and uses the Solvency II risk free curves excluding the volatility adjustment. The IFRS liability also includes the unallocated divisible surplus (UDS), which comprises the difference between the assets and all other recognised liabilities in the with profits funds.
- Non-participating insurance contracts – a discounted cash flow method, based on an assumed prudent rate of interest derived from yields on underlying assets in line with PRA requirements before the introduction of Solvency II and prudent non-economic assumptions
- Non-participating investment contracts – value of unit-linked funds

For the material lines of business, the table below reconciles the main difference between the IFRS contract liabilities and Solvency II technical provisions.

The IFRS figures shown represent the total insurance and investment (participating and non–participating) contract liabilities including the UDS.

SLAL solo reconciliation	Insurance with profit participation £m	Index-linked and unit-linked insurance £m	Other life insurance and health insurance £m	Total £m
IFRS value of liabilities (including UDS)	**31,237**	**103,448**	**15,953**	**150,638**
Remove HWPF surplus funds and UDS	(1,728)	-	-	**(1,728)**
Remove sterling reserves on insurance business	-	(13)	(3)	**(16)**
Remove prudent margins in non-economic basis	-	-	(835)	**(835)**
Move from IFRS to Solvency II economic basis	(145)	-	(241)	**(386)**
Reallocate miscellaneous liabilities	-	22	(22)	**-**
Include present value of future profits not recognised in IFRS	(266)	(2,466)	40	**(2,692)**
Include risk margin*	112	487	1,271	**1,870**
Other technical provisions not recognised in IFRS	7	-	196	**203**
Transitional measure on technical provisions*	7	(703)	(1,049)	**(1,745)**
Total IFRS to Solvency II adjustments	**(2,013)**	**(2,673)**	**(643)**	**(5,329)**
Solvency II technical provisions	**29,224**	**100,775**	**15,310**	**145,309**

* Unaudited

Group reconciliation	Total £m	SLAL* £m	SL Intl £m	SLA £m	Other £m
IFRS actuarial liabilities	**156,758**	150,718	5,464	574	2
Solvency II technical provisions	**145,311**	145,311	-	-	-

* The SLAL Solvency II position includes the Group consolidated value of the SLPF business reinsured to SLAL.

The change in the IFRS actuarial liabilities from SLAL solo (£150,638m) to a consolidated Group level (£150,718m) is driven by different values for the UDS and consolidation adjustments in respect of unit-linked business.

Neither SL Intl nor SLA contributes to consolidated group technical provisions as these are included on a deduction and aggregation basis (as explained in Section D.2). Similarly, HASL is neither included in IFRS actuarial liabilities (as accounted for using the equity method) nor included in Solvency II technical provisions (as consolidated on a deduction and aggregation basis).

D.2.4 Long term guarantees package and transitional measures

SLAL applies a matching adjustment (MA) when calculating technical provisions for UK immediate annuity liabilities. These include index-linked annuities and non-linked annuities. The MA for HWPF annuity liabilities is calculated separately from the MA for other annuity liabilities as they form separate MA portfolios.

The assets assigned to the MA portfolios include corporate bonds, commercial real estate loans, gilts and cash. Fixed rate (non index-linked) assets have been selected to match the fixed rate nature of the non index-linked liabilities of the MA portfolios. Index-linked (inflation linked) assets have been selected to match the index-linked nature of index-linked liabilities of the MA portfolios.

Derivatives may be held in the MA portfolios for risk reduction and efficient portfolio management purposes. Derivatives may be held to hedge the following risks:

- Interest rate risk (e.g. an interest rate swap to swap floating rate notes/loans to fixed rate)
- Currency risk (e.g. currency derivatives to hedge asset cash flows back to the currency of those liabilities they are matching)
- Inflation risk (e.g. inflation swaps)

SLAL applies a volatility adjustment when calculating technical provisions for business other than unit-linked business, except where a matching adjustment is applied. The volatility adjustments used at 31 December 2016 were 30bps for UK liabilities and 13bps for Euro liabilities.

The transitional risk-free interest rate term structure referred to in Article 308c of Directive 2009/138/EC is not applied by Standard Life Group.

SLAL applies the transitional measure on technical provisions for eligible business. This allows for a deduction from technical provisions which reduces to zero over the transitional period of 16 years. The transitional measure was recalculated at 31 December 2016, reflecting economic conditions at that date, and is net of the first of the 16-year annual deductions. This transitional measure provides a glidepath for business written before 1 January 2016 from the technical provisions under the previous solvency regime, and primarily represents the Solvency II risk margin of that business.

The impact of not applying a matching adjustment, volatility adjustment or the transitional measure on technical provisions is shown in the tables below:

Impact on SLAL	Amount with long term guarantee measures and transitionals £m	Impact of removing the transitional on technical provisions* £m	Impact of removing the transitional on interest rate £m	Impact of removing the volatility adjustment £m	Impact of removing the matching adjustment £m
Technical provisions*	145,309	1,745	-	260	1,055
Basic own funds	6,644	(1,481)	-	(142)	(694)
Eligible own funds to meet solvency capital requirement	6,644	(1,481)	-	(142)	(694)
Solvency capital requirement*	3,766	-	-	(28)	407
Eligible own funds to meet minimum capital requirement	6,627	(1,481)	-	(142)	(694)
Minimum capital requirement	1,301	2	-	35	22

* Unaudited

Impact on Group	Amount with long term guarantee measures and transitionals £m	Impact of removing the transitional on technical provisions* £m	Impact of removing the transitional on interest rate £m	Impact of removing the volatility adjustment £m	Impact of removing the matching adjustment £m
Technical provisions*	145,311	1,745	-	260	1,055
Basic own funds	6,598	(1,458)	-	(142)	(694)
Eligible own funds to meet solvency capital requirement	7,205	(1,458)	-	(142)	(694)
Solvency capital requirement*	4,063	-	-	(28)	407

* Unaudited

The impact of the transitional measure on technical provisions on Group own funds is less than the impact on SLAL due to the restrictions on SLAL own funds recognised at Group. These are described in Section E.1.12. The impact of not applying the long term guarantee measures in SLAL would in the first instance reduce the restrictions on SLAL own funds recognised at Group. Only after other non-available own funds were used would Group own funds reduce.

The long term guarantee measures and technical provision transitionals are fundamental elements of the Solvency II regime and provide Tier 1 unrestricted capital (the tiering and quality of capital is described in Section E.1.6). The use of these measures has been supported by the PRA who recognise these items in full when considering companies' capital positions.

D.2.5 Reinsurance recoverables and special purpose vehicles

Under Solvency II, reinsurance is defined as business where there is a transfer of risk.

SLAL has entered into a number of external reinsurance arrangements set up by treaty or facultative agreements, covering UK, Ireland and Germany businesses. This includes external fund links (EFLs) set up via reinsurance.

The most significant reinsurance treaty is an arrangement with Canada Life International Re Designated Activity Company which covers the reinsurance of all UK single life annuities written prior to the demutualisation of SLAL.

Reinsurance recoverables are calculated using the same models and assumptions as the corresponding best estimate liabilities. The valuation of reinsurance recoverables allows for the possibility of counterparty default.

SLAL does not have any insurance special purpose vehicle arrangements.

D.2.6 Material changes

Assumptions used in the valuation of technical provisions are reviewed regularly. The most significant changes during 2016 are as follows:

- The longevity basis has been affected by an increased number of deaths in recent experience, reducing technical provisions on annuity business.
- A matching adjustment is now used in the valuation of technical provisions for all UK immediate annuity liabilities in SLAL. This was approved by the PRA on 30 November 2016.

D.2.7 Group valuation

There are no material differences between bases, methods and assumptions used for the valuation of Group technical provisions from those used by any subsidiaries in their Solvency II assessments.

D.3 Other liabilities

This section provides information on the types and values of other liabilities in the Group's Solvency II balance sheet and a quantitative and qualitative explanation of any material differences with their IFRS statutory accounting valuation.

The total value of other liabilities in the Group's Solvency II balance sheet at 31 December 2016 was £10,159m. An analysis of the Solvency II balance sheet by type of other liability is provided in QRT S.02.01.02, a copy of which included in Appendix 2.

Solvency II regulations require that other liabilities of insurers be valued on a basis that reflects their fair value (described as an 'economic valuation') with the exception that liabilities should not be adjusted to take account of an insurer's own credit standing. The valuation basis adopted should, as far as possible, be compatible with IFRS.

The same bases, methods and assumptions are used to value other liabilities in the Group's Solvency II balance sheet as for the Solvency II balance sheets of the Group's subsidiaries, except for subordinated liabilities. As explained in Section E.1.10, SLAL intra-group subordinated debt relating to the Group's 6.75% Sterling fixed rate subordinated guaranteed bonds is classified as equity on the SLAL IFRS balance sheet but as debt in the Group IFRS balance sheet. Solvency II regulations require that Solvency II balance sheet classification follows IFRS and therefore this debt is excluded from subordinated liabilities in the SLAL solo Solvency II balance sheet (it is included in SLAL solo own funds in preference shares valued at issue proceeds) and included in subordinated liabilities in the Group Solvency II balance sheet. The Group's Solvency II balance sheet subordinated liabilities are therefore £705m higher than in the SLAL solo Solvency II balance sheet in respect of this tranche of subordinated debt.

The following table gives the Group valuation bases and methods used at 31 December 2016 in valuing other liabilities for Solvency II balance sheet purposes along with a comparison between Solvency II and IFRS accounting values. Positive valuation differences are shown where Solvency II valuations are higher than IFRS.

Balance sheet caption	Description of basis and method of valuation
Contingent liabilities	In the IFRS statutory accounts, contingent liabilities are not recognised but disclosed within the notes. On the Solvency II balance sheet, contingent liabilities are valued based on the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability using the relevant risk-free interest rate term structure. However, where it is not practicable to determine an estimate of the financial effect of a contingent liability under IFRS disclosure requirements, it follows that is not possible to quantify a liability for Solvency II purposes. At 31 December 2016, it has not been possible to estimate the financial effect of contingent liabilities and there is therefore no valuation difference between the Solvency II and IFRS statutory accounts values. Further details of contingent liabilities are provided in Note 45 to the Group financial statements on pages 204 to 205 of the Group's Annual report and accounts 2016.

<table>
<tr><th>Balance sheet caption</th><th>Description of basis and method of valuation</th></tr>
<tr><td>Provisions other than technical provisions</td><td>Provisions are stated at the best possible estimate of the expenditure required to settle the present obligation at the Solvency II balance sheet date. This is consistent with the IFRS measurement basis under IAS 37. Accordingly, there is no valuation difference between the Solvency II and IFRS statutory accounts values.

<table><tr><th></th><th>£m</th></tr><tr><td>Provisions other than technical provisions as per Solvency II balance sheet</td><td>215</td></tr></table>
Further details of provisions are included in Note 40 to the Group financial statements on pages 174 to 175 of the Group’s Annual report and accounts 2016.</td></tr>
<tr><td>Pension benefit obligations</td><td>The Group’s liability in respect of pension benefit obligations relates to defined benefit plans.

Under IFRS, the statement of financial position must reflect assets or liabilities relating to each defined benefit pension plan. The liability recognised is the present value of the defined benefit obligation (estimated future cash flows are discounted using the yields on high quality corporate bonds) less the fair value of plan assets, if any.

Further information about the Group’s pension and other post-retirement benefit provisions, including the key assumptions and judgements used, is included in Note 37 to the Group financial statements on pages 168 to 173 of the Group’s Annual report and accounts 2016.

The liability for pension benefit obligations in the Solvency II balance sheet is calculated using the IFRS valuation methodology. Accordingly, there is no valuation difference between the Solvency II and IFRS statutory accounts values.

<table><tr><th></th><th>£m</th></tr><tr><td>Pension benefit obligations as per Solvency II balance sheet</td><td>55</td></tr></table></td></tr>
<tr><td>Deposits from reinsurers</td><td>The main liability of this kind recognised by the Group relates to a deposit-back arrangement relating to a portfolio of annuity contracts which SLAL HWPF reinsured to Canada Life International Re Designated Activity Company in 2008. This liability is valued in the IFRS accounts at amortised cost. This valuation is consistent with fair value. Accordingly, there is no valuation difference between the Solvency II and IFRS statutory accounts values.

<table><tr><th></th><th>£m</th></tr><tr><td>Deposits from reinsurers as per Solvency II balance sheet</td><td>5,093</td></tr></table></td></tr>
<tr><td>Deferred tax liabilities</td><td>Refer to Section D.1 for a description of the valuation methodology for shareholder deferred tax assets and liabilities.
The following valuation difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts:

<table><tr><th></th><th>£m</th></tr><tr><td>Deferred tax liabilities as per IFRS statutory accounts</td><td>165</td></tr><tr><td>Deferred tax liabilities as per Solvency II balance sheet</td><td>654</td></tr><tr><td>Valuation difference</td><td>489</td></tr></table>
Deferred tax liability valuation differences are primarily attributable to the different valuation methods applied for assets and liabilities between the Solvency II balance sheet and the IFRS statutory accounts. The main difference relates to deferred tax liabilities in respect of future profits (PVIF).</td></tr>
<tr><td>Derivatives</td><td>Derivative liabilities are held at fair value in the IFRS statutory accounts. There are no valuation differences between the Solvency II balance sheet and the IFRS statutory accounts.

<table><tr><th></th><th>£m</th></tr><tr><td>Derivatives as per Solvency II balance sheet</td><td>23</td></tr></table></td></tr>
</table>

Balance sheet caption	Description of basis and method of valuation
Debts owed to credit institutions	Debts owed to credit institutions are recorded under IFRS at amortised cost. This is consistent with the fair value valuation basis under Solvency II. Accordingly, there are no valuation differences between the IFRS statutory accounts and the Solvency II balance sheet. £m Debts owed to credit institutions as per Solvency II balance sheet: 1
Financial liabilities other than debts owed to credit institutions	Financial liabilities other than debts owed to credit institutions are recorded under IFRS at amortised cost. This is consistent with the fair value valuation basis under Solvency II. Accordingly, there are no valuation differences between the IFRS statutory accounts and the Solvency II balance sheet. £m Financial liabilities other than debts owed to credit institutions as per Solvency II balance sheet: 46
Insurance and intermediaries payable	Insurance and intermediaries payables are recorded under IFRS at amortised cost. This is consistent with the fair value valuation basis under Solvency II. Accordingly, there are no valuation differences between the IFRS statutory accounts and the Solvency II balance sheet. £m Insurance and intermediaries payable as per Solvency II balance sheet: 349
Reinsurance payables	Reinsurance payables are recorded under IFRS at amortised cost. This is consistent with the fair value valuation basis under Solvency II. Accordingly, there are no valuation differences between the IFRS statutory accounts and the Solvency II balance sheet. £m Reinsurance payables as per Solvency II balance sheet: 6
Payables (trade, not insurance)	Trade payables are recorded under IFRS at amortised cost. This is consistent with the fair value valuation basis under Solvency II. Accordingly, there are no valuation differences between the IFRS statutory accounts and the Solvency II balance sheet. £m Payables (trade, not insurance) as per Solvency II balance sheet: 2,119
Subordinated liabilities	For the purposes of IFRS reporting, subordinated liabilities are initially recognised at the value of proceeds received after deduction of issue expenses. Subsequent measurement is at amortised cost using the effective interest rate method. The Group's Solvency II valuation approach for subordinated liabilities uses a discounted cash flow technique, allowing for an illiquidity premium. Liabilities are not adjusted to take account of changes in the Group's own credit standing. Accordingly, the following valuation difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts: £m Subordinated liabilities as per IFRS statutory accounts: 1,319 Subordinated liabilities as per Solvency II balance sheet: 1,598 Valuation difference: 279 As explained in the introduction to Section D.3, SLAL intra-group subordinated debt relating to the Group's 6.75% Sterling fixed rate subordinated guaranteed bonds is classified as equity for solo reporting only and is therefore excluded from subordinated liabilities in the SLAL solo Solvency II balance sheet.

Balance sheet caption	Description of basis and method of valuation
Any other liabilities not elsewhere shown	This balance sheet caption relates to deferred income balances. Under IFRS, front end fees on service contracts, including investment management service contracts, are deferred as a liability and amortised. In accordance with the Solvency II valuation guidelines, nil value has been allocated to deferred income balances. Accordingly, the following valuation difference can be observed between the Solvency II balance sheet and the IFRS statutory accounts:

	£m
Deferred income as per IFRS statutory accounts	195
Deferred income as per Solvency II balance sheet	-
Valuation difference	(195)

D.4 Alternative methods for valuation

This section sets out the methods and assumptions used to determine the fair values of assets and other liabilities (other than technical provisions) and provides further information where alternative methods of valuation are used.

Where fair value is used under Solvency II, it is assessed in the same way (i.e. using the same methods and assumptions) as for IFRS, however, Solvency II valuation categories differ from IFRS fair value categories (referred to as the 'IFRS fair value hierarchy'). More information about the valuation methods used for IFRS accounting purposes, including a fair value hierarchy, is provided in Note 43 to the Group financial statements on pages 196 to 203 of the Group's Annual report and accounts 2016. Solvency II valuation categories are described and analysed below.

D.4.1 Fair value analysis

Investments carried at fair value in the Solvency II balance sheet are categorised based upon the valuation techniques used, as follows:

QMP – quoted market price in active markets for the same assets
QMPS – quoted market price in active markets for similar assets
AVM – alternative valuation methods

An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

For the material classes of assets and other liabilities carried at fair value, the following tables analyse the valuation techniques used at 31 December 2016:

	Held at fair value			
Assets	**QMP/QMPS £m**	**AVM £m**	**Other £m**	**Total £m**
Investments (other than assets held for index-linked and unit-linked contracts)				
Property (other than for own use)	-	1,077	-	**1,077**
Holdings in related undertakings, including participations				
Subsidiaries	63	21,917	662	**22,642**
Joint Venture	-	-	145	**145**
Associates	17	752	367	**1,136**
Equities - listed	3,247	-	-	**3,247**
Bonds				
Government bonds	10,082	33	-	**10,115**
Corporate bonds	10,908	373	-	**11,281**
Collateralised securities	221	-	-	**221**
Collective Investments Undertakings	-	92	-	**92**
Derivatives (assets)	468	1,718	-	**2,186**
Deposits other than cash equivalents	99	-	-	**99**
Total investments (other than assets held for index-linked and unit-linked contracts)	25,105	25,962	1,174	**52,241**
Assets held for index-linked and unit-linked contracts	41,789	57,860	-	**99,649**
Loans and mortgages	-	551	-	**551**

'Holdings in related undertakings, including participations' include subsidiaries and associates carried at fair value. These participations are Collective Investments Undertakings held for investment purposes. Subsidiaries, joint venture and associates in the Other column are operating undertakings which are not held at fair value, these are valued using methods described in Section D.1.

At 31 December 2016, 94% of the £22,669m of Collective Investments Undertakings reported as 'Holdings in related undertakings, including participations' and valued using AVM were valued using daily prices.

At 31 December 2016, £53,226m of the £57,860m of assets held for index-linked and unit-linked contracts valued using AVM were open ended funds, of which 99% were valued using daily prices. The majority of the remaining balance of £4,634m were direct property investments.

At 31 December 2016, there were no restrictions due to market dislocation on transactions in daily priced property investments.

	Held at fair value			
Liabilities	**QMP/QMPS £m**	**AVM £m**	**Other £m**	**Total £m**
Deposits from reinsurers	5,093	-	-	**5,093**
Subordinated liabilities	-	1,598	-	**1,598**

D.4.2 Methods and assumptions used to determine fair value of assets and liabilities

D.4.2.1 Property

The fair value of property is based on valuations provided by external property valuation experts. The fair value is measured based on each property's highest and best use from a market participant's perspective and considers the potential uses of the property that are physically possible, legally permissible and financially feasible.

In the UK and Europe, valuations are completed in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation standards. These are predominantly produced using an income capitalisation approach. The income capitalisation approach is based on capitalising an annual net income stream using an appropriate yield. The annual net income is based on both current and estimated future net income. The yield and future net income used is determined by considering recent transactions involving property with similar characteristics to the property being valued. Where it is not possible to use an income capitalisation approach, for example on property with no rental income, a market comparison approach is used by considering recent transactions involving property with similar characteristics to the property being valued. In both approaches where appropriate, adjustments will be made by the valuer to reflect differences between the characteristics of the property being valued and the recent market transactions considered.

As income capitalisation and market comparison valuations generally include significant unobservable inputs including unobservable adjustments to recent market transactions, property assets are categorised as AVM.

D.4.2.2 Participations

Holdings in participations held at fair value relate to holdings in open ended funds and holdings in closed ended investment vehicles. Open ended funds comprise holdings in daily priced pooled investment funds and holdings in indirect property funds.

The fair value of daily priced pooled investment funds is calculated as equal to the observable unit price. Where the Group is responsible for calculating the unit price (Standard Life Investments managed funds) the price is derived from aggregating the fair values of underlying assets and liabilities held by the fund, divided by the total number of units at the valuation date. Where other investment managers are responsible for calculating unit prices, this is obtained from published information representing the value at which units could be redeemed via that manager. Unit pricing of both Standard Life Investments and non- Standard Life Investments managed funds does not meet the Solvency II criteria for QMP or QMPS categorisation since prices are not listed on a regulated market or multilateral trading facility.

There is no active market for units in indirect property funds. Most transactions are carried out by an investor contacting a fund manager to discuss and then agree a price on a deal by deal basis. Price discussions for prospective trades commence with net asset value (NAV). NAV is generally considered to be appropriate to be used as fair value. Where the fund manager considers that NAV does not represent fair value, they can propose an alternative valuation methodology, subject to internal governance.

The majority of closed ended investments valued using AVM are private equity limited partnerships, which are non-listed investments. The majority of the Group's private equity investments are carried out through European fund of funds structures, where the Group receives valuations from the investment managers of the underlying funds on a quarterly basis. Internal governance is undertaken to gain assurance over the appropriate value, and adjustments are made where applicable to reflect the impact of changes in market conditions between the date of the valuation and the end of the reporting period. Valuations are prepared in accordance with International Private Equity and Venture Capital (IPEVC) valuation guidelines. The valuation of these securities is largely based on inputs that are not based on observable market data, and accordingly these instruments are categorised as AVM. Where appropriate, reference is made to observable market data.

D.4.2.3 Equities

Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. These instruments are considered to be quoted in an active market and are therefore categorised as QMP.

D.4.2.4 Bonds

For debt securities, the Group has determined a hierarchy of pricing sources. The hierarchy consists of reputable external pricing providers who generally use observable market data. If prices are not available from these providers or are considered to be stale, the Group has established procedures to arrive at an internal assessment of the fair value. These procedures are based largely on inputs that are not based on observable market data. A further analysis by category of debt security is as follows:

Government bonds (including provincial and municipal, and supranational institution bonds)
These instruments are valued using prices received from external pricing providers who generally base the price on quotes received from a number of market participants. They are categorised as QMP or QMPS instruments depending upon the nature of the underlying pricing information used for valuation purposes.

Corporate bonds (listed or quoted in an established over-the-counter market including asset-backed securities)
These instruments are generally valued using prices received from external pricing providers who generally consolidate quotes received from a panel of banks into a composite price. As the market becomes less active the quotes provided by some banks may be based on modelled prices rather than on actual transactions. These sources are based largely on observable market data, and therefore these instruments are categorised as QMPS. When prices received from external pricing providers are based on a single broker indicative quote the instruments are categorised as AVM.

For instruments for which prices are either not available from external pricing providers or the prices provided are considered to be stale, the Group performs its own assessment of the fair value of these instruments. This assessment is largely based on inputs that are not based on observable market data, principally single broker indicative quotes, and accordingly these instruments are categorised as AVM.

Other corporate bonds including unquoted bonds, commercial paper and certificates of deposit
These instruments are valued using models. For unquoted bonds the model uses inputs from comparable bonds and includes credit spreads which are obtained from brokers or estimated internally. Commercial paper and certificates of deposit are valued using standard valuation formulas. The categorisation of these instruments will be either QMPS or AVM depending upon the nature of the underlying pricing information used for valuation purposes.

Collateralised securities
Collateralised securities are valued in the same way as non-collateralised bonds.

D.4.2.5 Collective investments undertakings

Collective investments undertakings comprise daily priced pooled investment funds. Prices are obtained from published information representing the value at which units could be redeemed via the investment manager. Unit pricing does not meet the Solvency II criteria for QMP or QMPS categorisation since prices are not listed on a regulated market or multilateral trading facility. All collective investments undertakings are required by Solvency II guidance to be classified as AVM.

D.4.2.6 Derivative assets and derivative liabilities

The majority of the Group's derivatives are over-the-counter derivatives whose fair value is determined using a range of valuation models including discounting future cash flows and option valuation techniques. Since prices are not directly observable on a regulated market or multilateral trading facility, over-the-counter derivatives are categorised as AVM, however, inputs to valuation models are observable in the market.

The majority of the Group's over-the-counter derivative investments are either interest rate swaps or swaption contracts. The valuation of interest rate swaps use discounted cash flow models to calculate the net present value of future cash flows. The valuation of swaption contracts uses the Black model.

Exchange traded derivatives are valued using prices sourced from the relevant exchange. They are considered to be instruments quoted in an active market and are therefore categorised as QMP.

D.4.2.7 Assets held for index-linked and unit-linked contracts

Assets held for index-linked and unit-linked contracts comprise various types of investment assets valued in accordance with the methodologies described elsewhere in this section.

D.4.2.8 Loans and mortgages

Commercial mortgages and infrastructure loans
Commercial mortgages (CREL) and infrastructure loans are valued using models and therefore categorised as AVM. For CREL, valuation models use a discount rate adjustment technique which is an income approach. The key inputs are expected future cash flows, which are discounted using a discount rate that is determined by adding a spread to the current base rate. The spread is derived from a pricing matrix which incorporates data on current spreads for similar assets and which may include an internal underwriting rating. These inputs are generally observable with the exception of the spread adjustment arising from the internal underwriting rating.

Infrastructure loans are valued using a cash flow model which values expected cash flows by using the coupon attached to the investment as the initial discount rate and adjusting the discount rate in line with movements in the spreads of an appropriate basket of comparable traded securities and the underlying risk-free rates to create a fair value.

D.4.2.9 Deposits from reinsurers

As described in Section D.3, deposits from reinsurers are valued at amortised cost, which is consistent with fair value.

D.4.2.10 Subordinated liabilities

Subordinated liabilities are valued using a discounted cash flow model. Future liability cash flows are discounted using the spot rates of the basic risk free term structure plus an illiquidity premium plus an own credit risk premium (‘OCRP’) appropriate to the currency in which the instrument is denominated. Both the illiquidity premium and OCRP are constant over the term structure but the illiquidity premium may change over time, for example in response to changing market conditions. The illiquidity premium is derived using generally accepted actuarial practice with reference to similar market instruments. The OCRP is calculated at the date of initial recognition and is constant over time.

D.4.3 Significant unobservable inputs for AVM instruments

The table below presents information about the significant unobservable model inputs used for valuing instruments categorised as AVM. For each type of asset, the valuation technique, the key unobservable model inputs, the range of model inputs and the weighted average for that class of asset at 31 December 2016 is given.

31 December 2016	Fair value £m	Valuation technique	Unobservable input	Range (weighted average)
Property	4,963	Income capitalisation	Equivalent yield	3.6% to 9.1% (5.4%)
			Estimated rental value per square metre per annum	£34 to £2,422 (£349)
Property (hotels)	579	Income capitalisation	Equivalent yield	4.6% to 7.1% (5.6%)
			Estimated rental value per room per annum	£995 to £13,750 (£5,614)
Property	57	Market comparison	Estimated value per square metre	£2 to £12,807 (£4,202)
Private equity investments	366	Adjusted net asset value	Adjustment to net asset value	N/A
Government bonds (other)	33	Single broker	Single broker indicative price	N/A
Corporate bonds (unquoted corporate bonds)	373	Discounted cash flow	Credit spread	0.2% to 4.3% (1.9%)
Loans and mortgages (commercial mortgages)	451	Discounted cash flow	Credit spread	1.9% to 2.6% (2.1%)
Loans and mortgages (infrastructure loans)	11	Discounted cash flow	Credit spread	1.3%
Subordinated liabilities	1,598	Discounted cash flow	Own Credit risk premium Illiquidity premium	1.31% to 2.88% (1.85%) 0.49%

D.4.4 Valuation uncertainty

Valuation uncertainty is the range of plausible values that could be attributed to an asset or liability at a point in time. Valuation uncertainty arises chiefly when using AVMs, i.e. when using models where market prices are not readily available, but valuation uncertainty arises for all classes of assets and liabilities that are measured at fair value.

At 31 December 2016, valuation uncertainty ranges resulting from unobservable inputs is most significant for valuations of directly held property and private equity investments. As explained in Section D.4.1 and D.4.2, there were no significant unobservable inputs at 31 December 2016 in relation to the valuation of derivatives and daily priced open ended funds.

The table below provides a range of plausible values at 31 December 2016 for investments in property and private equity investments:

	Base value (£m)	Valuation uncertainty (£m)
Property	1,115	1,059 - 1,193
Property balances reported in 'Assets held for index-linked and unit-linked contracts'	4,484	4,269 - 4,852
Private equity fund holdings reported in 'Holdings in related undertakings, including participations'	366	329 - 458

Changing unobservable inputs in the measurement of the fair value of assets and liabilities to reasonably possible alternative assumptions would not have a significant impact on total own funds.

D.5 Any other information

None.

E. Capital management

Standard Life's approach to capital management
The capital management policy seeks to ensure that the Group is appropriately capitalised under base and stress scenarios. This section focuses on the capital management approach for the Group's two principal regulated subsidiaries, Standard Life Assurance Limited (SLAL) and Standard Life Investments Limited ('Standard Life Investments'), but the Group also ensures that its other regulated subsidiaries are appropriately capitalised.

SLAL and Standard Life Investments have processes to manage and report their capital positions, and have capital framework policies that specify the buffer capital that the Group believes is sufficient to hold within these subsidiaries. There is no additional explicit capital buffer held at Group in respect of SLAL or Standard Life Investments.

The overall Group capital position also reflects the liquid resources held at Standard Life plc which supports the Group's progressive dividend policy and the Group's business objectives, in particular planned and potential organic and inorganic investments.

The Group closely monitors its current and projected solvency position and risk exposures, and has a series of triggers for further action. The Group capital position is also tested under a series of stressed scenarios. The Group's capital needs and stresses are considered over a five year planning horizon on a rolling basis.

SLAL
SLAL actively seeks to ensure that its capital position can be maintained at a viable level to continue to operate the business under stress, in order to protect policyholders, customers and other key stakeholders. Within this overriding framework, SLAL seeks to optimise its use of capital to maximise returns for shareholders and policyholders at an appropriate level of rewarded risk, and to manage its operations effectively to minimise or eliminate unrewarded risk.

SLAL primarily manages its capital position by reference to its Capital Targets Framework. The key component of the Framework is the intention to maintain a minimum capital coverage under the most onerous of a range of plausible stress scenarios which are reviewed at least tri-annually. The Framework is used to inform all key board decisions with capital implications, in particular dividend proposals, investment strategy, capital planning and other management actions.

In addition to this, SLAL defines limits for those risks which it actively seeks to manage. The risk limits are set with the overriding aim of supporting an overall suitable capital position under stress, with individual limits then set subject to this constraint in order to support the delivery of the business plan.

Alongside the above, the Heritage With Profits Fund (HWPF) Investment Risk Framework is used to determine appropriate levels of investment risk to be borne in the HWPF, investment risk levels in the German With Profits Fund (GWPF) are set consistently. The HWPF Investment Risk framework tests the capital coverage of the HWPF on defined absolute scenarios and where this is judged to be too low or too high under the framework, SLAL would seek to reduce or increase investment risk in the funds as appropriate to deliver the best outcomes to policyholders.

The solvency position, risk exposures versus limits, and Capital Target Framework status is monitored on an ongoing basis with monthly reports produced for the SLAL board. The report sets out a number of triggers for further action which are monitored and reported upon, many of which relate to capital coverage.

Standard Life Investments
Standard Life Investments manages its capital position and reports this on a monthly basis. Standard Life Investments holds its Financial Conduct Authority capital requirement based on BIPRU rules for investment firms. A capital buffer is also held which includes an amount based on the fixed overhead requirement specified under BIPRU. In assessing the level of capital under the Internal Capital Adequacy Assessment Process, the capital positions under downside and severe downside scenarios are tested along with the results of reverse stress tests.

E.1 Own funds

E.1.1 Own funds

Own funds are the regulatory capital resources of an insurance undertaking or group under Solvency II.

Own funds comprise on balance sheet items (referred to as basic own funds) and items that may be called up to absorb losses that are off balance sheet (referred to as ancillary own funds). Basic own funds consist of the excess of assets over liabilities (including technical provisions) and certain subordinated liabilities, all of which must be valued in accordance with Solvency II regulations and guidance. Ancillary own funds are subject to prior supervisory approval. The Group has not sought approval for any ancillary own funds as at 31 December 2016.

This section provides information on the structure, amount and quality of the Group's own funds, as well as a quantitative and qualitative explanation of any material differences between equity as shown in the Group's financial statements and the excess of assets over liabilities as calculated for solvency purposes. This section also explains how the Group's own funds have been calculated net of any intra-group transactions and the nature of the restrictions to the transferability and fungibility of own funds in related undertakings.

E.1.2 Entities in the scope of consolidation

The Group structure showing major legal entities within the Group is included in Appendix 1. Those entities which are either excluded from the Solvency II scope of consolidation or carried at nil value for Solvency II are indicated.

E.1.3 Consolidation methods

In calculating group solvency for the purposes of Solvency II it is necessary to aggregate the own funds and capital requirements of Group undertakings. Two consolidation methods are set out in the Solvency II regulations, as described below. The Group has obtained supervisory approval to apply a combination of method 1 and method 2. Group own funds are the sum of the own funds for undertakings consolidated under method 1 and own funds for undertakings aggregated under method 2.

Method 1: accounting consolidation
The default method is the accounting consolidation approach. According to this method, the own funds of the Group are calculated on the basis of consolidated data, being the line-by-line aggregation of the assets and liabilities of the entities in scope, following International Financial Reporting Standards (IFRS) accounting consolidation methodology. The consolidated assets and liabilities are valued in accordance with Solvency II regulations and guidance. This method treats the Group as if it were a single economic unit and therefore allows for diversification benefits based on the consolidated data within the Group solvency capital requirement (SCR).

Although it is referred to as the accounting consolidation method, method 1 also uses a deduction and aggregation approach for regulated undertakings operating in other (non-insurance) financial sectors and certain other non-regulated undertakings. These undertakings are consolidated as single-line participations.

Method 2: deduction and aggregation
The alternative method for calculating group solvency is the deduction and aggregation approach. This method calculates group solvency as the difference between aggregated own funds and aggregated SCRs. Under method 2, the aggregation is a summation of solo own funds and solo SCRs rather than a line-by-line accounting consolidation. As the aggregated SCR is the sum of the solo SCRs, this method does not allow for diversification effects at Group level.

E.1.4 Intra-group transactions

There is no material own funds benefit from intra-group transactions, for example where intra-group loans are not eliminated on consolidation.

E.1.5 Group entities

The Group's largest insurance undertaking, SLAL, is included using consolidation method 1 on a line-by-line consolidation basis. The Standard Life Assurance Company 2006 (SLAC 2006) and Standard Life Pension Funds Limited (SLPF) are also insurance undertakings consolidated on a line-by-line basis under method 1.

The Group's insurance holding undertakings Standard Life plc, Standard Life Oversea Holdings Limited (SLOH) and Standard Life (Mauritius Holdings) 2006 Limited (SLMH 2006) and the Group's ancillary services undertakings Standard Life Employee Services Limited and Standard Life Premises Services Limited are also consolidated using method 1 on a line-by-line basis. At 31 December 2016, SLMH 2006 is included at nil value on the grounds of materiality.

Some of the insurance undertakings within the scope of the Group for Solvency II are consolidated using method 2 on a deduction and aggregation basis, which involves bringing in the total own funds value of those entities within the participations line item in the Group Solvency II balance sheet. Insurance undertakings that are included on a method 2 deduction and aggregation basis are as follows:

- Standard Life International Designated Activity Company (SL Intl)
- Heng An Standard Life Insurance Company Limited (HASL)
- Standard Life (Asia) Limited (SLA)

Regulated entities from other financial sectors that are consolidated using a deduction and aggregation approach under method 1 (valued using sectoral rules) are as follows:

- Standard Life Investments (using figures for the Standard Life Investments (Holdings) Limited group)
- Standard Life Client Management Limited
- Standard Life Savings Limited (SLS)
- Various regulated subsidiaries of 1825 Financial Planning Limited
- Standard Life Lifetime Mortgages Limited

The following undertakings are excluded from own funds for the reasons stated in the table:

Undertaking	Location	Immediate Parent	Reason for exclusion
Touchstone Insurance Company Limited	Guernsey	Standard Life Investments (Holdings) Limited	Negligible interest for the purposes of group supervision
Paragon Insurance Company Guernsey Limited	Guernsey	Tenet Group Limited	
HDFC Standard Life Insurance Company Limited (HDFC Life)	India	SLMH 2006	Non-availability of necessary information

E.1.6 Composition and quality of own funds

Items of own funds vary in their ability to absorb losses both in the normal course of business and in times of stress. Items are graded into three tiers to reflect their quality (i.e. their ability to absorb losses), with Tier 1 being of the highest quality and Tier 3 the lowest.

The tiering of own funds is based on the extent to which own funds items possess the characteristics of permanent availability and subordination. A further four features also need to be taken into consideration, these are: sufficient duration, absence of incentives to redeem, absence of mandatory servicing costs and absence of encumbrances. Definitions of each of these characteristics are as follows:

- Permanent availability refers to whether an item is available, or can be called up on demand, to fully absorb losses on a going-concern basis, as well as in the case of a winding-up
- Subordination refers to whether, in the case of a winding-up, the total amount of the item is available to absorb losses and the repayment of the item is refused to its holder until all other obligations, including insurance and reinsurance obligations towards policyholders and beneficiaries of insurance and reinsurance contracts, have been met
- Sufficient duration requires that consideration be given to the duration of the item, in particular whether the item is dated or not. Where an own fund item is dated, the relative duration of the item as compared to the duration of the insurance obligations should be considered.
- Absence of incentives to redeem refers to whether the item is free from requirements or incentives to redeem the nominal sum
- Absence of mandatory servicing costs refers to whether the item is free from mandatory fixed charges
- Absence of encumbrances refers to whether the item is free from encumbrances. Encumbrances include factors such as rights of set off, restrictions and charges or guarantees.

To be classified as Tier 1, an item of own funds must substantially possess the characteristics of permanent availability and subordination taking into consideration the additional four features described above. For an item of own funds to be classified as Tier 2, it must substantially possess the characteristics of subordination taking into consideration the additional four features.

Where own funds do not meet the criteria to be classified as Tier 1 or Tier 2, the items will be classified as Tier 3.

Transitional provisions within the Solvency II regulations allow existing items qualifying as capital under the Solvency I regime to be 'grandfathered' into Tier 1 or Tier 2 when they do not meet the criteria for classification as own funds under Solvency II rules. These transitional provisions have been applied to the Group's subordinated liabilities.

Based on the tiering classifications, there are certain regulatory limits regarding the eligibility of own funds to meet capital requirements. Limits are placed on Tier 2 and Tier 3 and hybrid/ restricted (e.g. subordinated liabilities) Tier 1 items to ensure that there is a sufficiently high proportion of highest quality own funds (non-restricted Tier 1) and that only higher quality own funds (Tier 1 and Tier 2 own fund items) cover the minimum consolidated group SCR.

The key eligibility limits are as follows:

- At least 50% of the consolidated group SCR must be covered by Tier 1 own funds (and no more than 20% of those Tier 1 items may be hybrid instruments such as subordinated liabilities) and a maximum of 15% may be covered by Tier 3
- At least 80% of the minimum consolidated group SCR must be covered by Tier 1 (and no more than 20% of those Tier 1 items may be hybrid instruments such as subordinated liabilities). Tier 3 own funds are not eligible to cover the minimum consolidated group SCR. This in effect means that Tier 2 basic own funds are eligible as long as they cover no more than 20% of the minimum consolidated group SCR.

The following table sets out the values of own funds of the Group as at 31 December 2016, shown after application of the tiering limits:

Description	Tier 1 unrestricted £m	Tier 1 restricted £m	Tier 2 £m	Tier 3 £m	Total £m
Ordinary share capital	242				**242**
Share premium	634				**634**
Surplus funds	1,431				**1,431**
Reconciliation reserve	3,835				**3,835**
Subordinated liabilities		1,061	537		**1,598**
Deferred tax assets				24	**24**
Availability restrictions – method 2 and other financial sector entities*	(196)				**(196)**
Deductions	(363)				**(363)**
Group own funds eligible to meet the Group SCR	**5,583**	**1,061**	**537**	**24**	**7,205**
Group own funds eligible to meet the minimum consolidated group SCR	4,976	1,061	261	-	**6,298**

* Unaudited

Group own funds consist of £6,963m from entities consolidated using method 1 and £242m from entities aggregated using method 2. Group own funds include £365m of own funds from other financial sector entities that are valued in accordance with sectoral rules.

More detail on each of the items included in the previous table is provided in the following sections. A copy of the QRT S.23.01.22 *Own funds* is included in Appendix 2.

E.1.7 Ordinary share capital and share premium

The following table summarises the characteristics of the ordinary share capital and share premium issued by the Group, to support their classification into the appropriate tier of own funds:

Instrument	Tier	Duration	Subordination	Redemption incentives	Mandatory servicing costs	Encumbrances
Ordinary share capital	Tier 1	permanent	last upon winding up	none	none	none
Share premium	Tier 1	permanent	last upon winding up	none	none	none

Standard Life plc's articles of association allow cancellation of the payment of dividends (or other distributions) on ordinary shares prior to payment in certain circumstances, where it may be necessary or appropriate to do so because of legal, regulatory, capital or solvency requirements.

E.1.8 Surplus funds

Surplus funds relate to the Group's ring-fenced funds, being accumulated profits within ring-fenced funds which have not been made available for distribution to policyholders or other beneficiaries.

Own funds include £1,431m in respect of surplus funds and the reconciliation reserve includes a (£696m*) adjustment in respect of ring-fenced funds. This section describes the significant ring-fenced funds within the Group, how they contribute to the Group's own funds, and explains why an adjustment to Group own funds is required in respect of ring-fenced funds.

Ring-fenced funds are arrangements as a result of which certain items of own funds have a reduced capacity to fully absorb losses on a going concern basis due to their lack of transferability within the undertaking. In order to reflect these restrictions, a reduction to own funds (£696m* at 31 December 2016) is made via the reconciliation reserve for restricted own funds items within ring-fenced funds that exceed the notional SCRs of those ring-fenced funds.

The Group has reviewed all types of arrangement that may be classified as ring-fenced under Solvency II regulations and guidance, including:

- Arrangements which give rise to participation in profits
- Legally binding arrangements or trusts created for the benefit of policyholders
- Restrictions arising on assets or own funds as a result of the articles, statutes or other document specifying the undertaking's organisation
- Restrictions specified by national law
- Arrangements falling within the scope of EU law, including Solvency II and the IORPS Directive

This review included all the internal funds of the regulated insurance undertakings in the Standard Life Group.

The significant ring-fenced funds which were identified by the review are the SLAL HWPF and GWPF. The excess of assets over liabilities of the HWPF and GWPF (excluding risk margin and burnthrough) are reported as surplus funds.

The HWPF and GWPF also contribute to own funds through charges, which the funds are required by the legal and contractual arrangements under which they are constituted to pass to shareholders, reduced to allow for the probability weighted value of any charges which may be withheld by the fund or additional assets which shareholders may be required to provide (burnthrough). Own funds representing the present value of future scheme transfers net of burnthrough are not attributed to the HWPF or GWPF but are attributed to the shareholder. These items of own funds are available to absorb losses and are therefore not restricted.

* Unaudited

E.1.9 Reconciliation reserve

The reconciliation reserve is the amount of excess assets over liabilities (valued in accordance with the Solvency II regulations and guidance) that remain once all the other identified elements of basic own funds have been deducted. As such, it serves to ensure that the total of all the individual basic own funds items are equal to the total excess of assets over liabilities and subordinated liabilities.

The following table analyses the Group reconciliation reserve as at 31 December 2016:

	£m
Excess of assets over liabilities	7,602
Own shares (included as assets on the Solvency II balance sheet)	(2)
Other basic own fund items (ordinary share capital, share premium, surplus funds and deferred tax assets)	(2,331)
Adjustment for restricted own fund items in respect of ring-fenced funds*	(696)
Other non-available own funds*	(738)
Reconciliation reserve total	**3,835**

* Unaudited

The adjustment for restricted own fund items in respect of ring-fenced funds of (£696m) is described in Section E.1.8.

The other non-available own funds adjustment of (£738m) is described in Section E.1.12.

The Group does not consider the final dividend for 2016 to be a 'foreseeable dividend' as at 31 December 2016, and therefore no deduction has been made from the reconciliation reserve in respect of this dividend.

E.1.10 Subordinated liabilities

As at 31 December 2016, Standard Life plc acted as borrower in respect of three tranches of subordinated instruments issued to external investors. The table below provides a summary of the subordinated debt instruments in issue:

Description and reference	Nominal amount	Issue date	First call date	Maturity
6.546% Sterling fixed rate Mutual Assurance Capital Securities (£IT1)	£300m	4 November 2004	6 January 2020 and yearly thereafter	Perpetual
6.75% Sterling fixed rate subordinated guaranteed bonds (£UT2)	£500m	12 July 2002	12 July 2027 and every 5 years thereafter	Perpetual
5.5% Sterling fixed rate subordinated notes (£LT2)	£500m	4 December 2012	4 December 2022 and every 6 months thereafter until maturity	4 December 2042

Further information about the terms and conditions of the Group's subordinated liabilities is provided in Note 36 to the Group financial statements on page 167 of the Group's Annual report and accounts 2016. More detail on the valuation of the Group's subordinated liabilities is included in Sections D.3 and D.4.

The proceeds of the £IT1 and £UT2 subordinated loan issues were loaned by Standard Life plc to SLAL under intra-group subordinated loans. The terms of these internal subordinated instruments are similar to those of the external loan issues. SLAL has provided a guarantee on a subordinated basis in certain circumstances in respect of the due and punctual payment of all principal, interest and any deferred interest that is due and payable by Standard Life plc.

As explained in Section D.3, SLAL intra-group subordinated debt relating to the £UT2 loan issue is classified as equity on the SLAL IFRS balance sheet but as debt in the Group IFRS balance sheet. Solvency II regulations require that Solvency II balance sheet classification follows IFRS and therefore this tranche is excluded from subordinated liabilities in the SLAL solo Solvency II balance sheet and is included in SLAL solo own funds in the preference shares row at issue proceeds.

For a liability to be included in own funds it must, at a minimum, be subordinated to all claims of policyholders, beneficiaries and non-subordinated creditors. In order to be classified as the highest quality of own funds it must be part of the most deeply subordinated group of items. The following table summarises the own funds classification of subordinated liabilities issued by the Group:

	Solvency II criteria			
Reference	Tier 1	Tier 2	Classification under Solvency I	Transitional arrangements
£IT1	Not met	Not met	Innovative Tier 1	Tier 1
£UT2	Not met	Not met	Upper Tier 2	Tier 1
£LT2	Not met	Not met	Lower Tier 2	Tier 2

The £IT1 and £UT2 instruments (and the corresponding internal loan instruments) do not meet the criteria to be included outright as own funds under Solvency II regulations and guidance. However, they do meet the criteria to be grandfathered as Tier 1 under the transitional provisions.

For the £IT1 instruments, the principal reasons for not meeting the own funds criteria outright are:

- The absence of any linkage of the solvency condition to the SCR (rather than the minimum capital requirement)
- The absence of a requirement for redemptions within five years upon tax/ capital disqualification events to be funded from new capital

For the £UT2 instruments, the same reasons apply as those for the £IT1 instruments. Furthermore, the step-up in coupon at the first call date is not considered to meet the criteria to be classified as limited.

The £LT2 instruments also fail to meet the criteria to be classified outright as Group Tier 2 own funds under Solvency II. In order to qualify outright, the instruments would have to rank after all policyholders within the Group. As this condition is not part of the terms of the £LT2 notes, they do not meet the criteria.

An item that is eligible under the grandfathering rules can be classified as Tier 1 under transitional provisions if it meets the conditions set out below (otherwise it is classified as Tier 2):

- It would not otherwise qualify as Tier 1 or Tier 2 under Solvency II's requirements; and
- It could be used to meet up to 50% of the solvency margin under Solvency I's requirements

The £IT1 and £UT2 instruments meet the criteria to be grandfathered as Tier 1 and the £LT2 instruments meet the criteria to be grandfathered as Tier 2. The classification under the transitional arrangements applies for up to 10 years after the date of implementation of Solvency II, i.e. 1 January 2026.

E.1.11 Deferred tax

Under Solvency II regulations and guidance, the value of any net shareholder deferred tax assets must be deducted from Tier 1 own funds and recognised as Tier 3. Where local tax law allows, deferred tax assets and liabilities are netted off on the balance sheet.

E.1.12 Availability restrictions/deductions (unaudited)

The following availability restrictions and deductions are made with respect to items of own funds around the Group which are not fungible and transferable or where there is non-availability of the necessary information:

Description of deduction	Entity within Group where restriction/ deduction arises	Impact on own funds £m
Surplus funds in excess of the notional SCRs of ring-fenced funds	SLAL	(696)
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds in the reconciliation reserve		**(696)**
Pension benefit surplus in excess of the SCR of the pension scheme	SLAL	(715)
Other non-available own funds (restriction due to transferability and fungibility constraints)	SLAL	(23)
Other non-available own funds adjustment in the reconciliation reserve		**(738)**
Other non-available own funds (restriction due to legal and regulatory constraints on transfer - method 2 and other financial sector entities)	SL Intl, Standard Life Investments, SLS	(196)
Total availability restrictions		**(1,630)**
Deductions - participations where there is non-availability of necessary information	HDFC Life	(363)
Total availability restrictions and deductions to Group own funds		**(1,993)**

The availability of own funds relates to the ability of capital resources located in one related insurance undertaking of the Group to offset losses that arise in another Group undertaking.

In order to be considered available to the Group, an item of own funds of a related insurance undertaking must be:

- Fungible – i.e. able to absorb any kind of loss irrespective of where it arises in the Group. An item of own funds may not be fungible if there are legal or regulatory requirements that mean that that item is dedicated to absorbing losses from only a specific source.
- Transferrable – i.e. capable of being transferred from one undertaking to another within the Group. For example, an item of own funds may not be transferrable to another undertaking due to legal or regulatory restrictions.
- Capable of being made both fungible and transferrable within a maximum of nine months

The availability assessment can be viewed as the following steps:

- Calculate the own funds of each related insurance entity and split them between available (i.e. fungible and transferrable within nine months) and non-available assets
- Determine the contribution of each insurance entity to the Group SCR using the Group's allocation of capital methodology
- Check, for each insurance entity, whether there are non-available own funds in excess of their contribution to the Group SCR
- Where this is the case, these excess non-available own funds are removed from the total of Group own funds via an availability restriction

After any availability restrictions have been applied, the available Group own funds are comprised of Standard Life plc's own funds; the own funds from entities that cover their contribution to the Group SCR and any excess own funds from entities that are fungible and transferable within nine months.

E.1.13 Reconciliation of consolidated IFRS accounting equity to Group own funds

The Group's own funds position is different from the equity stated in the consolidated IFRS statutory accounts. The table below reconciles the consolidated financial statements to the Solvency II Group own funds position as at 31 December 2016:

31 December 2016	£m	£m
Equity attributable to equity holders per the consolidated financial statements on an IFRS basis		4,347
Valuation differences:		
In respect of assets	(1,575)	
In respect of technical provisions	5,403	
In respect of other liabilities	(573)	
		3,255
Inclusion of subordinated liabilities within own funds		1,598
Deductions to own funds to reflect fungibility and transferability restrictions*:		
In respect of availability restrictions	(219)	
In respect of pension benefit surplus	(715)	
In respect of ring-fenced funds	(696)	
		(1,630)
Deductions to own funds for participations where there is non-availability of necessary information		(363)
Own shares		(2)
Deductions made to own funds for excess over tiering limits		-
Group own funds after adjustments		**7,205**

* Unaudited

E.1.14 Movements in own funds during the reporting period

The following table sets out the movements on the Group's own funds, analysed by tier, during 2016.

Description	Tier 1 unrestricted £m	Tier 1 restricted £m	Tier 2 £m	Tier 3 £m	Total £m
Opening own funds*	3,917	1,021	512	19	**5,469**
Opening eligibility restrictions*	-	(136)	136	-	**-**
Opening eligible own funds to meet the consolidated Group SCR	**3,917**	**885**	**648**	**19**	**5,469**
Movements in period:					
Own funds	1,666	40	25	5	**1,736**
Eligibility restrictions*	-	136	(136)	-	**-**
Total movements in eligible own funds	**1,666**	**176**	**(111)**	**5**	**1,736**
Closing eligible own funds to meet the consolidated Group SCR	**5,583**	**1,061**	**537**	**24**	**7,205**

* Unaudited

There were no ancillary own funds at 1 January 2016 or 31 December 2016. There were no material issues or redemptions of own funds items during the period, £1m of ordinary share capital (together with £6m of share premium) was issued in order to satisfy awards granted under employee incentive plans.

The movement in unrestricted Tier 1 own funds mainly relates to increases in the reconciliation reserve due to higher excess of assets over liabilities and lower availability restrictions, and an increase in the contribution to own funds from surplus funds.

The movement in restricted Tier 1 and Tier 2 own funds items relates to subordinated liabilities and is due to valuation movements and interest payments made. The movement in eligibility restrictions is the result of there being no eligibility restrictions at 31 December 2016 (as restricted Tier 1 items did not exceed 20% of total Tier 1 items). Opening eligibility restrictions resulted in £136m of Tier 1 subordinated liabilities being reclassified as Tier 2.

Tier 3 items relate to deferred tax assets, the value of which has not changed materially during the period.

E.2 Solvency capital requirement and minimum capital requirement (unaudited)

E.2.1 Standard Life's solvency capital requirement

Standard Life's capital position is governed by the Solvency II regulatory regime. Under Solvency II, every insurer is required to identify its key risks – e.g. that equity markets fall – and hold sufficient capital to withstand adverse outcomes from those risks. The capital required to withstand these outcomes is the SCR. The SCR is calibrated so that the likelihood of a loss being greater than the SCR in one year is less than 1 in 200.

Standard Life's SCR at 31 December 2016 was £4,063m.

Standard Life applies a partial internal model. Refer to QRT S.25.02.22 in Appendix 2 for the SCR analysed by risk category.

Two consolidation methods are set out in the Solvency II regulations. The Group has obtained supervisory approval to apply a combination of method 1 and method 2, as described in Section E.1.3 above. The SCRs arising from method 1 and method 2 entities are:

Description	SCR £m
SCR from method 1 entities (Consolidated Group SCR)	3,745
SCR from method 2 entities	318
Standard Life Group SCR	**4,063**

Undertakings that are included on a method 2 deduction and aggregation basis (using the Solvency II standard formula) are SL Intl, HASL and SLA.

Where method 1 is used to calculate the group solvency, the amount of the consolidated Group SCR at 31 December 2016 is given in the table below:

Description	SCR £m
SCR calculated on the basis of consolidated data in respect of insurance undertakings, insurance holding companies and ancillary service companies	3,637
Proportional share of SCR of non-controlling participations in insurance undertakings and insurance holding companies	-
Proportional share of capital requirements of Other Financial Sector undertakings, and of the notional capital requirements of non-regulated undertakings carrying out financial activities	108
SCR of other undertakings within the scope of the Group solvency calculation that are not captured above and are included using method 1	-
SCR from method 1 entities (consolidated Group SCR)	**3,745**

The consolidated group SCR is greater than the minimum capital requirement (see Section E.2.3).

Diversification benefits are only assumed in the SCR calculated on the basis of consolidated data in respect of insurance undertakings, insurance holding companies and ancillary service companies, as shown in the table above. Diversification benefits between SLAL and other businesses are small and are described in Section E.2.2.

Diversification benefits between risks within the SLAL internal model are described in Section E.4.8.

Standard Life's SCR does not include a capital add-on and does not include any impact from the use of undertaking-specific parameters. In addition, no simplified calculations have been used. The final SCR is not subject to supervisory assessment.

The SCR has increased since 1 January 2016, mainly due to market changes which have increased the with profits funds and pension scheme SCRs which are offset in full by corresponding increases in own funds.

E.2.2 Scope of the internal model

Standard Life uses a partial internal model to calculate the Group SCR. The approved internal model is used for SLAL, SLPF and SLAC 2006. SLPF and SLAC 2006 were allocated to SLAL's HWPF under the Scheme of Demutualisation and as such contribute to the SCR through ring-fenced funds. Insurance holding undertakings Standard Life plc and SLOH also use the internal model.

Standard Life uses the same internal model for both SLAL's solo SCR and as part of the Group's partial internal model to calculate the Group SCR. The only difference is that we allow for the risks held in Standard Life plc in the Group calculation. These are risks from Standard Life plc, SLOH, Standard Life Employees Services Limited, Standard Life Premises Services Limited, Tenet Group Limited, Vebnet (Holdings) Limited, Focus Solutions Group Limited and Threesixty Support LLP. The risks in these undertakings are all consistent and follow the same methodologies and calibrations as those used in SLAL's solo calculation.

Touchstone Insurance Company Limited and Paragon Insurance Company Guernsey Limited are excluded from the calculation of the Group SCR on the grounds of negligible interest for the purposes of group supervision. HDFC Life is also excluded from the calculation of the Group SCR due to non-availability of necessary information. SLMH 2006 is carried at nil value on materiality grounds.

Given the dominance of SLAL within the Group internal model, the difference between the internal model result at a SLAL solo level and at a Group level is small. At 31 December 2016, the difference was £49m.

E.2.3 Standard Life's minimum capital requirement

The minimum capital requirement (MCR) applies to EEA-based insurance undertakings. The MCR represents an absolute floor to the level of eligible own funds that the insurance undertaking is required to hold under Solvency II. If the level of own funds falls below the MCR, the national regulator would intervene. The MCR should correspond to the amount of capital needed to ensure that the insurance undertakings will be able to meet their obligations over the next 12 months with a probability of at least 85%. It is bound between 25% and 45% of the insurance undertaking's SCR.

There is no requirement for Standard Life to calculate a Group MCR. There is, however, a requirement to calculate a Floor to the Group SCR, which effectively plays the role of a Group MCR. The Floor to the Group SCR is calculated as the sum of the (proportionate share of) MCRs of insurance undertakings included in the scope of the consolidated data. The solo MCR for the Group's largest insurance undertaking, SLAL, is included. Solo MCRs for insurance undertakings SLAC 2006 and SLPF are also included.

The calculation of the MCR for SLAL requires a split of technical provisions between guaranteed and discretionary benefits for with profits business. To achieve this, scaling factors are applied to the overall technical provision for with profits business split by product group. The scaling factors are derived by considering the split of projected claims between:

- The amount of claim that is completely guaranteed and cannot be reduced by management actions
- The amount of claim that is discretionary and can be reduced

The MCR for SLAC 2006 and SLPF are both based on the minimum amount of €3.7m.

The non-life insurance element of the MCR calculation is zero for the Group, as the undertakings in the Group which are required to calculate an MCR do not have any business covered by the non-life insurance calculation.

Insurance holding companies, mixed financial holding companies, ancillary services undertakings and special purpose vehicles are not separately included in the Floor to the Group SCR since no notional MCR is required for them.

The Floor to the Group SCR was £1,308m at 31 December 2016.

E.3 Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement (unaudited)

Standard Life is not using the duration-based equity risk sub-module for the calculation of its SCR.

E.4 Differences between the standard formula and any internal model used (unaudited)

E.4.1 Purposes for which Standard Life is using its internal model

The internal model output is used in the following Own Risk and Solvency Assessment processes:

- **Insight and Reporting** – regular monitoring of key risk and capital metrics
- **Business cycle decision making** – supports key business decisions through our stress and scenario testing programme and the setting of quantitative risk limits and investment benchmarks
- **Strategic decision making** – supports the longer terms strategic decisions in running our business, including customer proposition development
- **Business planning support** – assists in developing our annual business plan by analysing the resilience of our balance sheet to economic scenarios and point in time stresses

E.4.2 Scope of the internal model in terms of business units and risk categories

See Appendix 1 for a diagram showing the structure of the Group broken down by entities, with each business unit colour coded depending on their treatment under Solvency II.

The coverage of the internal model risk categories is based on the risks included in the Group's Enterprise Risk Management framework (ERM framework). The Group's partial internal model covers the subset of risks identified in the ERM framework which are quantifiable and material.

In addition to the risks covered by the ERM framework, sovereign debt basis risk is also included in the internal model as required by the Prudential Regulation Authority's Supervisory Statement SS30/15.

The risk categories used in the internal model include:

- Equity (including equity implied volatility)
- Basis risk
- Property (including property implied volatility)
- Currency
- Interest rates
- Swaption implied volatility
- Credit (bonds, asset-backed securities, counterparty)
- Longevity (including proportions married for joint-life annuities)
- Persistency mis-estimation and dependent persistency
- Company specific and economic expense risk
- Mortality mis-estimation and mortality catastrophe
- Morbidity mis-estimation and catastrophe
- Operational risk
- New business risk (adverse variation in business mix or volume over the next year)

A fuller description of material risks is included in Section C. The internal model does not include liquidity risk and group specific risks, as described in Sections C.4 and C.6 respectively, given that these risks are more appropriately considered using qualitative techniques.

E.4.3 Integration of the internal model into the standard formula

Within the Group SCR, the contribution from entities using the standard formula is consolidated using method 2. This is described in Section E.2.1. Therefore, there is no integration of the internal model into the standard formula.

E.4.4 Methods used in the internal model for the calculation of the probability distribution forecast and the solvency capital requirement

Standard Life's approach is to calculate the SCR directly from the probability distribution forecast as the value at risk of own funds at a 99.5% confidence level over a one year time horizon, in line with Solvency II requirements.

The probability distribution forecast of changes in value of own funds is determined by simulating the joint distribution of changes in the individual risk factors and calculating the change in own funds in each simulation. The model consists of a set of functions which describe changes in own funds as a function of changes in risk factors. These functions are calibrated using changes in the values of assets and liabilities obtained by modelling a large number of scenarios using the full actuarial model suite.

E.4.5 Main differences in the methodologies and underlying assumptions used in the standard formula and in the internal model

The methods used to calibrate the distributions for the internal model have been developed independently from the standard formula. As a result there are differences in each of these from the standard formula, in terms of both the granularity of the stress and the level of the stress.

As an internal model firm, we have designed our model around the risks to which we are exposed, ensuring that each risk module is constructed with these exposures in mind. This will therefore include risks that are not included in the standard formula (see Section E.4.9) and the data used to calibrate our stresses (and to help set our correlations) is in line with risks we are exposed to. The granularity of each of the risk modules has also been chosen considering our risk exposures and therefore in many instances the granularity of our stresses is different to that of the standard formula.

Our overall approach to aggregating the risk modules to calculate our capital requirements is also different to that used by the standard formula; where the standard formula approach uses a correlation matrix approach, our internal model uses a simulation approach which is described further in Sections E.4.6 and E.4.8.

The key differences between the methodologies and underlying assumptions used in the standard formula and in the internal model are as follows for the key risk modules:

Risk	Key Differences
Equity	• The internal model equity stress is calibrated at a more granular level, using market data • Standard formula equity stress includes a dampener to reduce pro-cyclicality
Credit (spread risk)	• Internal model stresses are calibrated using market data and include a split by sector (Financial / Non-Financial) which is not included in Standard Formula stresses
Longevity	• The standard formula longevity stress is a 20% reduction in mortality rates • Our internal model stress is calibrated using relevant experience and explicitly allows for future mortality improvements
Fixed Interest	• Standard formula stresses are a proportion of the base yield curve. • Internal model stresses are absolute stresses which capture changes in level, shape and curvature of the yield curve
Lapse risk	• The standard formula mass lapse stress reflects an instantaneous lapse rate of either 40% or 70%, depending on the nature of the product • The internal model dependent persistency stress incorporates market and operational risk elements and is applied as a multiple of base persistency rates
Operational	• The standard formula uses a factor based approach, with weightings applied to different metrics, such as expenses on unit-linked business • The internal model capital requirement is derived using input from business subject matter experts to determine the frequency and severity of operational risk events.

E.4.6 Internal model approach

Standard Life's approach is to calculate the SCR as the Value-at-Risk of its own funds subject to a confidence level of 99.5 % over a one-year period. This is the same as the risk measure and time period required in Solvency II regulations. To calculate this, we use a simulation approach and look at each of the individual risks and combinations of the risks at multiple probability levels.

E.4.7 Nature and appropriateness of the data used in the internal model

A range of information is used within the internal model; this includes the relevant market data (both current for the valuation date, and the historic data to calibrate stresses), and internal policyholder data used to calculate our liabilities as well as historic policyholder experience to calibrate our underwriting risk stresses. The sources used in each instance have been chosen considering the range of options available and the appropriateness of the data sets for the purpose for which they're used. Where external data is used, this is sourced from reputable suppliers (e.g. Office for National Statistics, Bank of England, Continuous Mortality Investigation). We also have an internal data governance framework, which sets the standard to which the data we use must meet, and is used as a means to escalate any issues appropriately.

E.4.8 Aggregation methodologies and diversification effects used in the internal model

Mathematical formulae are fitted to the balance sheet impact of these selected stresses which allows us to describe the behaviour of the balance sheet under a wide range of scenarios.

We then simulate a large number of possible future scenarios and assess the impact on the balance sheet – allowing for the diversification between risks – with the 99.5th percentile balance sheet loss being our capital requirements.

The diversification between risks is set using a combination of analysis of historic data (using consistent datasets to that used to calibrate the individual risk distributions) and expert judgement.

E.4.9 Risks not covered by the standard formula but covered by the internal model

The additional risks that are covered by Standard Life's internal model, but not by the standard formula are:

Risk	Description
Equity implied volatility risk	The risk that the expected volatility of equity markets increases.
Property implied volatility risk	The risk that the expected volatility of property markets increases.
Swaption implied volatility risk	The risk that the expected volatility of interest rates increases.
Sovereign spread risk	The risk that AAA rated government bonds fall in value without a corresponding change in swap rates.
Equity basis risk	The risk that the value of our equity investments move out of line with the equity indices used to price the equity derivatives that we have in place (in particular to hedge the equity risk on with profits policyholder guarantees).
Proportion married risk	The risk of mis-estimating the proportion of reversionary annuities where there is a spouse who would be eligible to receive an annuity (if the main life died).
New business risk	The risk that adverse deviations in volume and mix of new business impact the capital position over the one-year time horizon of the capital assessment.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement (unaudited)

Throughout 2016 own funds have at all times exceeded both the MCR and the SCR.

E.6 Any other information

None.

Statement of Directors' responsibilities

The Directors are responsible for the preparation of the Group Solvency and financial condition report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations, which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based, as detailed in the PRA approvals and determinations section of this document.

The Directors are satisfied that:

(a) throughout the financial year in question, the Group has complied in all material respects with the requirements of the PRA rules and Solvency II regulations as applicable at the level of the Group; and

(b) it is reasonable to believe that, the Group has continued so to comply subsequently, and will continue so to comply in future.

The SFCR was approved by the Board and signed on its behalf by the following Director

Luke Savage
Chief Financial Officer
18 May 2017

Prudential Regulation Authority approvals and determinations

The approvals and determinations in the table below apply to Standard Life Group in relation to the following regulated insurance undertakings within the Group:

Standard Life Assurance Limited (SLAL), firm reference number 439567
The Standard Life Assurance Company 2006 (SLAC 2006), firm reference number 110464
Standard Life Pension Funds Limited (SLPF), firm reference number 110466

Applicable to	Description	Reference	Date of Waiver	Applicable from
Standard Life Group	Paragon Insurance Company Guernsey Limited and Touchstone Insurance Company Limited excluded from scope due to negligible interest	2198176	18 November 2015	1 January 2016
SLAL	Approval to apply a volatility adjustment to the relevant risk-free interest rate term structure	2211564	18 November 2015	1 January 2016
Standard Life Group	Standard Life International Designated Activity Company (formerly named Standard Life International Limited), Standard Life (Asia) Limited and Heng An Standard Life Insurance Company Limited to be included in the Group solvency capital requirement (SCR) using method 2 (deduction and aggregation method).	2245661	18 November 2015	1 January 2016
Standard Life Group	Include HDFC Standard Life Insurance Company Limited within the Group solvency position in accordance with Article 229 of the Solvency II Directive. Deduct the book value of HDFC Life own funds.	N/A	1 December 2015	1 January 2016
SLAL, SLAC 2006, SLPF	Approval to use a partial internal model for the calculation of its SCR Approval of policy for changing an approved internal model.	2247359 2247366 2247363	5 December 2015	1 January 2016
SLAL	Vary the transitional measure on technical provisions approved in the written notice – transitional measure on technical provisions dated 18 November 2015 (reference 2244402) (the 'Original Notice') to subject that approval to a condition limiting the amount of the approved deduction.	2458679	23 February 2016	23 February 2016
SLAL	Permission to recalculate transitional deduction to its technical provisions as at 30th June 2016	2794590	22 July 2016	22 July 2016
SLAL, SLAC 2006, SLPF	Approve the major model change to the Standard Life group internal model approved in the written notice - Internal model approval dated 5 December 2015 (reference 2247359, 2247366, 2247363) (the 'Original Notice'), on the basis of the application for a major model change submitted on 29 June 2016 and the addendum submitted on 11 November 2016 (the 'Proxy Model Application').	3802824 3802826 3802827	30 November 2016	31 December 2016
SLAL	Permission to recalculate its transitional deduction to its technical provisions as at 31 December 2016.	3446680	30 November 2016	31 December 2016
SLAL	Approval to apply a matching adjustment to the risk-free interest rate term structure in order to calculate the best estimate of the following portfolio of insurance/reinsurance obligations: Heritage With Profits Fund UK MA Portfolio.	2794732	30 November 2016	31 December 2016
SLAL	Approval to apply a matching adjustment to the risk-free interest rate term structure in order to calculate the best estimate of the following portfolio of insurance/reinsurance obligations: Proprietary Business Fund UK MA Portfolio. Revoke the firm's existing matching adjustment approval (reference 2231579).	2794671	30 November 2016	31 December 2016

Report of the external independent auditors to the Directors of Standard Life plc

Report of the external independent auditors to the Directors of Standard Life plc ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2016:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and financial condition report of the Company as at 31 December 2016, ('**the Narrative Disclosures subject to audit**'); and
- Group templates S.02.01.02, S.22.01.22, S.23.01.22 and S.32.01.22 ('**the Templates subject to audit'**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the '**relevant elements of the Group Solvency and financial condition report**'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the **Other Information** which comprises:

- Information contained within the relevant elements of the Group Solvency and financial condition report set out above which are, or derive from the solvency capital requirement, as identified in the Appendix to this report
- The Summary, 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group Solvency and financial condition report; Group templates S.05.01.02, S.05.02.01 and S.25.02.22
- Information calculated in accordance with the previous regime used in the calculation of the transitional measure on technical provisions, and as a consequence all information relating to the transitional measure on technical provisions as set out in the Appendix to this report
- The written acknowledgement by management of their responsibilities, including for the preparation of the Group Solvency and financial condition report ('**the Responsibility Statement**')
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations ('the sectoral information') as identified in the Appendix to this report on page 89.

To the extent the information subject to audit in the relevant elements of the Group Solvency and financial condition report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information. In our opinion, the information subject to audit in the relevant elements of the Group Solvency and financial condition report of the Company as at 31 December 2016 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & I)), International Standard on Auditing (UK) 800 and International Standard on Auditing (UK) 805, and applicable law. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the relevant elements of the Group solvency and financial condition report section of our report.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and financial condition report, which describe the basis of accounting. The Group Solvency and financial condition report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group Solvency and financial condition report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Group Solvency and financial condition report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Group Solvency and financial condition report

The Directors are responsible for the preparation of the Group Solvency and financial condition report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations, which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based, as detailed in the PRA approvals and determinations section of this document.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group Solvency and financial condition report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the relevant elements of the Group Solvency and financial condition report

It is our responsibility to form an independent opinion, in accordance with applicable law, ISAs (UK & I) and ISAs (UK) 800 and 805 as to whether the information subject to audit in the relevant elements of the Group Solvency and financial condition report is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based. ISAs (UK & I) require us to comply with the Auditing Practices Board's Ethical Standard for Auditors.

An audit involves obtaining evidence about the amounts and disclosures in the relevant elements of the Group Solvency and financial condition report sufficient to give reasonable assurance that the relevant elements of the Group Solvency and financial condition report are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the relevant elements of the Group Solvency and financial condition report.

In addition, we read all the financial and non-financial information in the Group Solvency and financial condition report to identify material inconsistencies with the audited relevant elements of the Group Solvency and financial condition report. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

This report, including the opinion, has been prepared for the Directors of the Company to comply with their obligations under External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

Other Matter

The Company has authority to calculate its Group solvency capital requirement using a partial internal model ('the Model') approved by the Prudential Regulation Authority in accordance with the Solvency II Regulations. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Model, or whether the Model is being applied in accordance with the Company's application or approval order.

Report on Other Legal and Regulatory Requirements

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook, **the sectoral information** has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are required to read the Other Information and consider whether it is materially inconsistent with the relevant elements of the Group Solvency and financial condition report and our knowledge obtained in the audits of the Group Solvency and financial condition report and of the Company's statutory financial statements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Edinburgh
18 May 2017

- The maintenance and integrity of the Standard Life plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Group Solvency and financial condition report since it was initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of Solvency and financial condition reports may differ from legislation in other jurisdictions.

Appendix – relevant elements of the Group Solvency and financial condition report that are not subject to audit

The relevant elements of the Group Solvency and financial condition report that are not subject to audit comprise:

a) The following elements of Group template S.02.01.02:

- Row R0550: Technical provisions – non-life (excluding health) – risk margin
- Row R0590: Technical provisions – health (similar to non-life) – risk margin
- Row R0640: Technical provisions – health (similar to life) – risk margin
- Row R0680: Technical provisions – life (excluding health and index-linked and unit-linked) – risk margin
- Row R0720: Technical provisions – Index-linked and unit-linked – risk margin

b) The following elements of Group template S.22.01.22:

- Column C0030 – Impact of transitional on technical provisions
- Row R0010 – Technical provisions
- Row R0090 – Solvency capital requirement

c) The following elements of Group template S.23.01.22:

- Row R0020: Non-available called but not paid in ordinary share capital at group level
- Row R0060: Non-available subordinated mutual member accounts at group level
- Row R0080: Non-available surplus at group level
- Row R0100: Non-available preference shares at group level
- Row R0120: Non-available share premium account related to preference shares at group level
- Row R0150: Non-available subordinated liabilities at group level

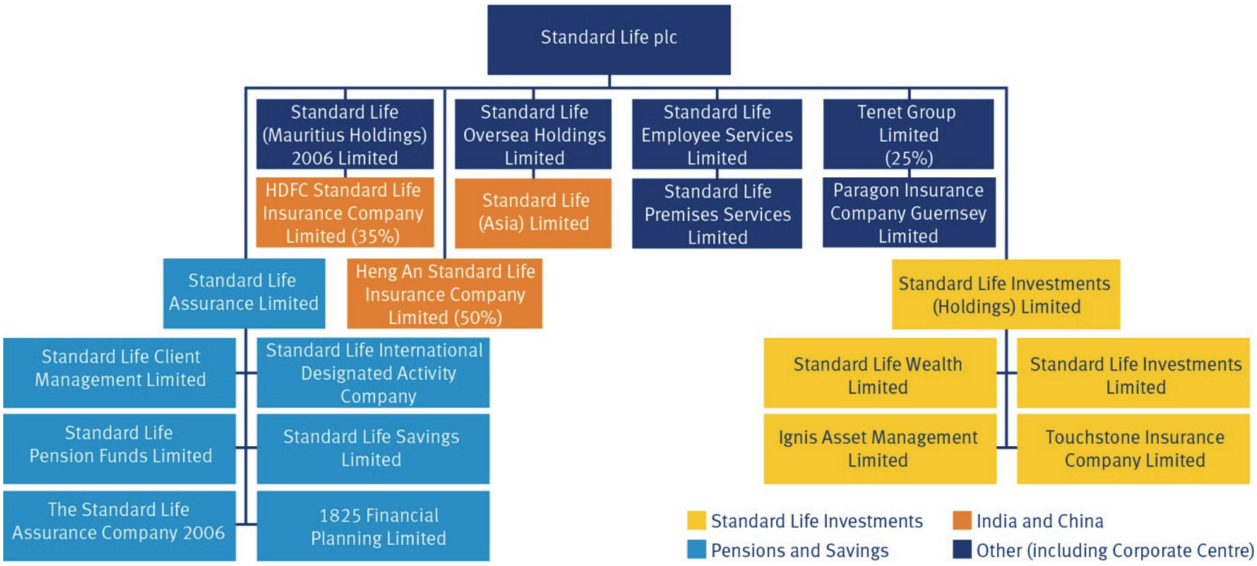
d) The following elements of Group template S.23.01.22 (continued):

- Row R0170: The amount equal to the value of net deferred tax assets not available at the group level
- Row R0190: Non-available own funds related to other own funds items approved by supervisory authority
- Row R0210: Non-available minority interests at group level
- Row R0380: Non-available ancillary own funds at group level
- Rows R0410 to R0440 – Own funds of other financial sectors
- Row R0680: Group SCR
- Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
- Row R0750: Other non-available own funds

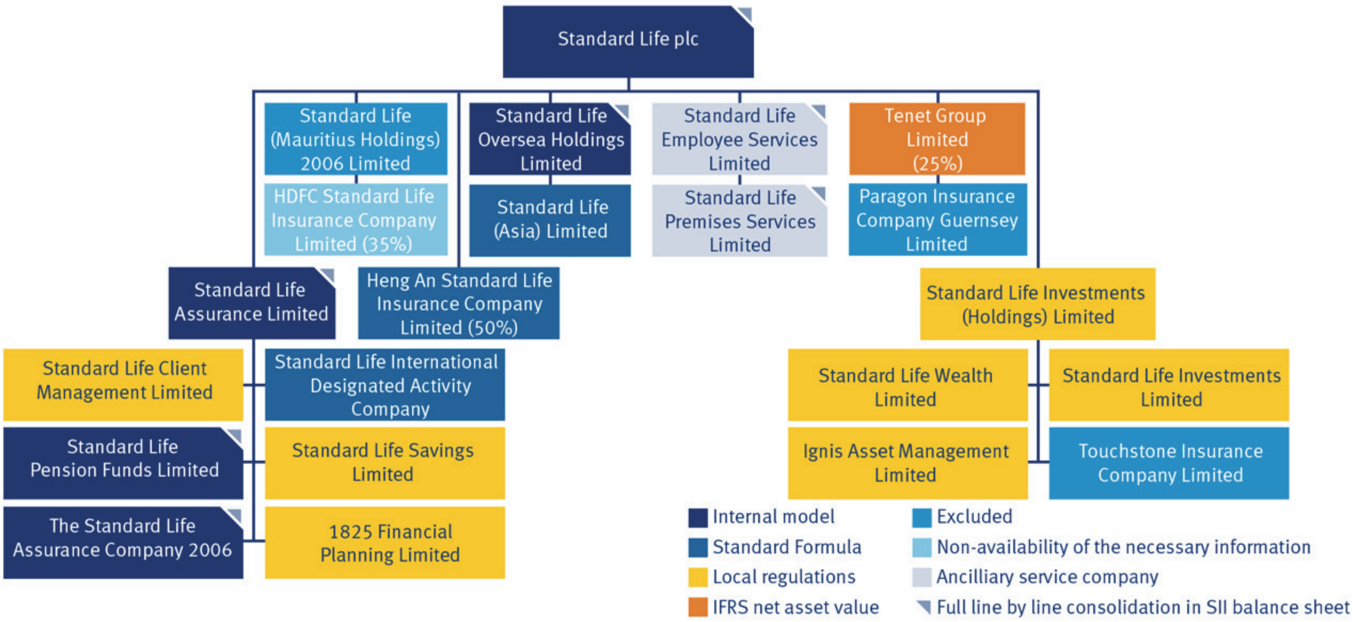
e) Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

Appendix 1 – Group structure

Group structure by operating segment



Group structure by regulatory framework



All wholly owned entities above are consolidated under IFRS. All associates and joint ventures above are accounted for using the equity method under IFRS.

Appendix 2 – Quantitative reporting templates (QRTs)

S.02.01.02 Balance sheet

Assets		Solvency II value C0010 £000s
Intangible assets	R0030	-
Deferred tax assets	R0040	23,881
Pension benefit surplus	R0050	1,093,005
Property, plant & equipment held for own use	R0060	62,007
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	52,241,737
Property (other than for own use)	R0080	1,077,031
Holdings in related undertakings, including participations	R0090	23,922,928
Equities	R0100	3,246,613
Equities - listed	R0110	3,246,596
Equities - unlisted	R0120	17
Bonds	R0130	21,617,099
Government Bonds	R0140	10,115,332
Corporate Bonds	R0150	11,281,005
Structured notes	R0160	-
Collateralised securities	R0170	220,763
Collective Investments Undertakings	R0180	92,392
Derivatives	R0190	2,186,555
Deposits other than cash equivalents	R0200	99,119
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	99,648,923
Loans and mortgages	R0230	550,687
Loans on policies	R0240	2,151
Loans and mortgages to individuals	R0250	47,560
Other loans and mortgages	R0260	500,976
Reinsurance recoverables from:	R0270	8,896,729
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	5,127,770
Health similar to life	R0320	103,951
Life excluding health and index-linked and unit-linked	R0330	5,023,819
Life index-linked and unit-linked	R0340	3,768,959
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	107,618
Reinsurance receivables	R0370	343
Receivables (trade, not insurance)	R0380	306,111
Own shares (held directly)	R0390	1,813
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	139,543
Any other assets, not elsewhere shown	R0420	-
Total assets	R0500	**163,072,397**

Liabilities		Solvency II value C0010 £000s
Technical provisions – non-life	R0510	-
Technical provisions – non-life (excluding health)	R0520	-
TP calculated as a whole	R0530	-
Best Estimate	R0540	-
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	-
TP calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	44,536,700
Technical provisions - health (similar to life)	R0610	155,451
TP calculated as a whole	R0620	-
Best Estimate	R0630	155,451
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	44,381,249
TP calculated as a whole	R0660	-
Best Estimate	R0670	44,356,609
Risk margin	R0680	24,640
Technical provisions – index-linked and unit-linked	R0690	100,774,387
TP calculated as a whole	R0700	103,427,661
Best Estimate	R0710	(2,678,513)
Risk margin	R0720	25,240
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	214,705
Pension benefit obligations	R0760	54,989
Deposits from reinsurers	R0770	5,092,991
Deferred tax liabilities	R0780	654,622
Derivatives	R0790	22,823
Debts owed to credit institutions	R0800	1,356
Financial liabilities other than debts owed to credit institutions	R0810	45,720
Insurance & intermediaries payables	R0820	348,985
Reinsurance payables	R0830	6,047
Payables (trade, not insurance)	R0840	2,119,111
Subordinated liabilities	R0850	1,598,409
Subordinated liabilities not in BOF	R0860	-
Subordinated liabilities in BOF	R0870	1,598,409
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	R0900	**155,470,845**
Excess of assets over liabilities	R1000	**7,601,552**

S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance C0010 £000s	Income protection insurance C0020 £000s	Workers' compensation insurance C0030 £000s	Motor vehicle liability insurance C0040 £000s	Other motor insurance C0050 £000s	Marine, aviation and transport insurance C0060 £000s	Fire and other damage to property insurance C0070 £000s	General liability insurance C0080 £000s	Credit and suretyship insurance C0090 £000s
Premiums written										
Gross - Direct Business	R0110	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	-	-	-	-	-	-	-	-	-
Net	R0200	-	-	-	-	-	-	-	-	-
Premiums earned		-	-	-	-	-	-	-	-	-
Gross - Direct Business	R0210	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	-	-	-	-	-	-	-	-	-
Net	R0300	-	-	-	-	-	-	-	-	-
Claims incurred		-	-	-	-	-	-	-	-	-
Gross - Direct Business	R0310	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	-	-	-	-	-	-	-	-	-
Net	R0400	-	-	-	-	-	-	-	-	-
Changes in other technical provisions		-	-	-	-	-	-	-	-	-
Gross - Direct Business	R0410	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	-	-
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers'share	R0440	-	-	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-	-	-
Expenses incurred	R0550	-	-	-	-	-	-	-	-	-
Other expenses	R1200									
Total expenses	R1300									

Note: This page is blank as Standard Life does not have any non-life insurance business.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100 £000s	C0110 £000s	C0120 £000s	C0130 £000s	C0140 £000s	C0150 £000s	C0160 £000s	C0200 £000s
Premiums written									
Gross - Direct Business	R0110	-	-	-					-
Gross - Proportional reinsurance accepted	R0120	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0130				-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	-	-	-	-
Net	R0200	-	-	-	-	-	-	-	-
Premiums earned									
Gross - Direct Business	R0210	-	-	-					-
Gross - Proportional reinsurance accepted	R0220	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0230								-
Reinsurers' share	R0240	-	-	-	-	-	-	-	-
Net	R0300	-	-	-	-	-	-	-	-
Claims incurred		-	-	-	-	-	-	-	-
Gross - Direct Business	R0310	-	-	-					-
Gross - Proportional reinsurance accepted	R0320	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0330								-
Reinsurers' share	R0340	-	-	-	-	-	-	-	-
Net	R0400	-	-	-	-	-	-	-	-
Changes in other technical provisions		-	-	-	-	-	-	-	-
Gross - Direct Business	R0410	-	-	-					-
Gross - Proportional reinsurance accepted	R0420	-	-	-					-
Gross - Non- proportional reinsurance accepted	R0430				-	-	-	-	-
Reinsurers'share	R0440	-	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-	-
Expenses incurred	R0550	-	-	-	-	-	-	-	-
Other expenses	R1200								
Total expenses	R1300								

Note: This page is blank as Standard Life does not have any non-life insurance business.

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance C0210 £000s	Insurance with profit participation C0220 £000s	Index-linked and unit-linked insurance C0230 £000s	Other life insurance C0240 £000s	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250 £000s	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260 £000s	Health reinsurance C0270 £000s	Life reinsurance C0280 £000s	Total C0300 £000s
Premiums written										
Gross	R1410	2,585	840,798	1,062,869	227,102	100	-	-	-	2,133,454
Reinsurers' share	R1420	1,922	18,524	(219)	25,606	31	-	-	-	45,864
Net	R1500	663	822,274	1,063,088	201,496	69	-	-	-	2,087,590
Premiums earned							-	-	-	
Gross	R1510	2,585	840,798	1,062,869	227,102	100	-	-	-	2,133,454
Reinsurers' share	R1520	1,922	18,524	(219)	25,606	31	-	-	-	45,864
Net	R1600	663	822,274	1,063,088	201,496	69	-	-	-	2,087,590
Claims incurred							-	-	-	
Gross	R1610	202	2,354,734	1,274,248	1,168,897	2,635	-	-	-	4,800,716
Reinsurers' share	R1620	123	6,903	159	483,971	590	-	-	-	491,745
Net	R1700	79	2,347,831	1,274,089	684,926	2,045	-	-	-	4,308,970
Changes in other technical provisions							-	-	-	
Gross	R1710	15,178	131,552	9,626,872	1,108,713	-	-	-	-	10,882,315
Reinsurers' share	R1720	13,055	(74,948)	(1,316)	(76,695)	-	-	-	-	(139,904)
Net	R1800	2,123	206,500	9,628,188	1,185,408	-	-	-	-	11,022,219
Expenses incurred	R1900	69	132,418	660,780	215,759	6	-	-	-	1,009,032
Other expenses	R2500									-
Total expenses	R2600									1,009,032

S.05.02.01 Premiums, claims and expenses by country

		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Premiums written								
Gross - Direct Business	R0110	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	-	-	-
Net	R0200	-	-	-	-	-	-	-
Premiums earned								
Gross - Direct Business	R0210	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	-	-	-
Net	R0300	-	-	-	-	-	-	-
Claims incurred								
Gross - Direct Business	R0310	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	-	-	-
Net	R0400	-	-	-	-	-	-	-
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non- proportional reinsurance accepted	R0430	-	-	-	-	-	-	-
Reinsurers'share	R0440	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	-	-	-	-	-	-	-
Other expenses	R1200							-
Total expenses	R1300							-

Note: This page is blank as Standard Life does not have any non-life insurance business.

		Home country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400	x	DE					x
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Premiums written								
Gross	R1410	1,140,460	870,483	-	-	-	-	2,010,943
Reinsurers' share	R1420	21,814	23,637	-	-	-	-	45,451
Net	R1500	1,118,646	846,846	-	-	-	-	1,965,492
Premiums earned								
Gross	R1510	1,140,460	870,483	-	-	-	-	2,010,943
Reinsurers' share	R1520	21,814	23,637	-	-	-	-	45,451
Net	R1600	1,118,646	846,846	-	-	-	-	1,965,492
Claims incurred								
Gross	R1610	3,862,096	792,631	-	-	-	-	4,654,727
Reinsurers' share	R1620	483,357	7,121	-	-	-	-	490,478
Net	R1700	3,378,739	785,510	-	-	-	-	4,164,249
Changes in other technical provisions								
Gross	R1710	10,692,210	214,155	-	-	-	-	10,906,365
Reinsurers' share	R1720	(66,964)	(59,043)	-	-	-	-	(126,007)
Net	R1800	10,759,174	273,198	-	-	-	-	11,032,372
Expenses incurred	R1900	790,449	128,840	-	-	-	-	919,289
Other expenses	R2500							-
Total expenses	R2600							919,289

S.22.01.22 Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
		£000s	£000s	£000s	£000s	£000s
Technical provisions	R0010	145,311,088	1,745,047	-	260,084	1,054,813
Basic own funds	R0020	6,597,999	(1,458,376)	-	(141,608)	(694,339)
Eligible own funds to meet SCR	R0050	7,204,565	(1,458,376)	-	(141,608)	(694,339)
SCR	R0090	4,062,755	-	-	(28,091)	407,236

S.23.01.22 Own funds

		Total C0010 £000s	Tier 1 - unrestricted C0020 £000s	Tier 1 - restricted C0030 £000s	Tier 2 C0040 £000s	Tier 3 C0050 £000s
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	241,864	241,864		-	
Non-available called but not paid in ordinary share capital at group level	R0020	-	-		-	
Share premium account related to ordinary share capital	R0030	634,254	634,254		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Non-available subordinated mutual member accounts at group level	R0060	-		-	-	-
Surplus funds	R0070	1,430,975	1,430,975			
Non-available surplus funds at group level	R0080	-	-			
Preference shares	R0090	-		-	-	-
Non-available preference shares at group level	R0100	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Non-available share premium account related to preference shares at group level	R0120	-		-	-	-
Reconciliation reserve	R0130	3,834,668	3,834,668			
Subordinated liabilities	R0140	1,598,409		1,061,028	537,381	-
Non-available subordinated liabilities at group level	R0150	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	23,881				23,881
The amount equal to the value of net deferred tax assets not available at the group level	R0170	-				-
Other items approved by supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Non available own funds related to other own funds items approved by supervisory authority	R0190	-	-	-	-	-
Minority interests (if not reported as part of a specific own fund item)	R0200	-	-	-	-	-
Non-available minority interests at group level	R0210	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	-			
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	531,146	531,146	-	-	
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	-	-	-	-	-
Deductions for participations where there is non-availability of information (Article 229)	R0250	363,112	363,112	-	-	-
Deduction for participations included by using D&A when a combination of methods is used	R0260	271,793	271,793	-	-	-
Total of non-available own fund items	R0270	-	-	-	-	-
Total deductions	R0280	1,166,051	1,166,051	-	-	-
Total basic own funds after deductions	R0290	6,597,999	4,975,709	1,061,028	537,381	23,881

		Total C0010 £000s	Tier 1 - unrestricted C0020 £000s	Tier 1 - restricted C0030 £000s	Tier 2 C0040 £000s	Tier 3 C0050 £000s
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Non available ancillary own funds at group level	R0380	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	R0410	364,686	364,686	-	-	
Institutions for occupational retirement provision	R0420	-	-	-	-	-
Non regulated entities carrying out financial activities	R0430	-	-	-	-	
Total own funds of other financial sectors	R0440	364,686	364,686	-	-	
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	241,880	241,880	-	-	-
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460	241,880	241,880	-	-	-
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	6,597,999	4,975,709	1,061,028	537,381	23,881
Total available own funds to meet the minimum consolidated group SCR	R0530	6,574,118	4,975,709	1,061,028	537,381	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	6,597,999	4,975,709	1,061,028	537,381	23,881
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	6,298,286	4,975,709	1,061,028	261,549	
Minimum consolidated Group SCR (Article 230)	R0610	1,307,747				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	482%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	7,204,565	5,582,275	1,061,028	537,381	23,881
Group SCR	R0680	4,062,755				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	177%				

		C0060 £000s	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	7,601,552	
Own shares (included as assets on the balance sheet)	**R0710**	1,813	
Forseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	2,330,973	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	696,461	
Other non available own funds	**R0750**	737,637	
Reconciliation reserve before deduction for participations in other financial sector	R0760	3,834,668	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	821,418	821,418
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-	-
Total EPIFP	R0790	821,418	821,418

S.25.02.22 Solvency capital requirement – for groups using the standard formula and partial internal model

Unique number of component C0010	Components description C0020	Calculation of the solvency capital requirement C0030 £000s	Amount modelled C0070 £000s	USP C0080	Simplifications C0090
100	Partial Internal Model: Market risk	2,872,580	2,872,580	-	-
300	Partial Internal Model: Life underwriting risk	1,959,602	1,959,602	-	-
701	Partial Internal Model: Operational risk	512,382	512,382	-	-
801	Partial Internal Model: Other risks	-	-	-	-
804	Partial Internal Model: Other adjustments	-	-	-	-

Calculation of solvency capital requirement		C0100 £000s
Total undiversified components	R0110	5,344,564
Diversification	R0060	(1,707,988)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	3,636,576
Capital add-ons already set	R0210	-
Solvency capital requirement for undertakings under consolidated method	R0220	3,744,501
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	(1,791,796)
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	(310,518)
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	2,166,392
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	780,043
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	690,141
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Minimum consolidated group solvency capital requirement	R0470	1,307,747
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	107,925
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	107,925
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	-
Capital requirement for non-controlled participation requirements	R0540	-
Capital requirement for residual undertakings	R0550	-

		C0100 £000s
Overall SCR		
SCR for undertakings included via D and A	R0560	318,254
Solvency capital requirement	R0570	4,062,755

S.32.01.22 Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	923M5RA2I1X3IO5 NGM14GB00058	Specific code	1825 Financial Planning Limited	Other	Company Limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other method
ES	923M5RA2I1X3IO5 NGM14ES00002	Specific Code	28 Ribera del Loira SA	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other method
GB	0TMBS544NMO7G LCE7H90GB00025	Specific code	30 STMA 1 Limited	Other	Company Limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other method
GB	0TMBS544NMO7G LCE7H90GB00026	Specific code	30 STMA 2 Limited	Other	Company Limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other method
GB	0TMBS544NMO7G LCE7H90GB00027	Specific code	30 STMA 3 Limited	Other	Company Limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other method
GB	0TMBS544NMO7G LCE7H90GB00028	Specific code	30 STMA 4 Limited	Other	Company Limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other method
ES	923M5RA2I1X3IO5 NGM14ES00003	Specific Code	330 Avenida de Aragon SL	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other method
GB	0TMBS544NMO7G LCE7H90GB00010	Specific Code	4th Contact Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other method
LU	549300NR5XU4V9 M57E06LU00001	Specific code	Andaes S.à r.l.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other method
GB	213800CQLT391R YIOG22	LEI	Aspire Financial Management Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
FI	923M5RA2I1X3IO5 NGM14FI00001	Specific Code	Aurora Kaasunjakelu Oy	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other method
GB	2138009LKV8MTQ NLPV29	LEI	AXA Portfolio Services Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300HZFETRNV ESD396	LEI	Baigrie Davies & Company Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	923M5RA2I1X3IO5 NGM14GB00073	Specific code	Baigrie Davies Holdings Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
ES	549300NR5XU4V9 M57E06ES00001	Specific code	Bardol Inversiones SL	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00017	Specific code	Bechtel Properties Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	ONN53RF43KDRF CB1J158GB00008	Specific Code	Castlepoint General Partner Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	923M5RA2I1X3IO5 NGM14GB00003	Specific Code	Castlepoint LP	Other	Limited partnership	Non-mutual		35%	100%	38%	Yes[1]	Dominant	35%%	Y[4]		Other Method
GB	ONN53RF43KDRF CB1J158GB00009	Specific code	Castlepoint Nominee Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
JE	923M5RA2I1X3IO5 NGM14JE00003	Specific Code	City Road (Jersey) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
JE	923M5RA2I1X3IO5 NGM14JE00004	Specific code	Crawley Unit Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00029	Specific code	Elevate Portfolio Services Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00053	Specific Code	ESP 2006 Conduit LP	Other	Limited partnership	Non-mutual		8%	8%	8%	Yes[1]	Significant	8%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00063	Specific Code	ESP 2008 Conduit LP	Other	Limited partnership	Non-mutual		4%	4%	4%	Yes[1]	Significant	4%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00052	Specific Code	ESP CPPIB European Mid Market Fund	Other	Limited partnership	Non-mutual		0.5%	0.5%	0.5%	Yes[1]	Significant	0.5%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00041	Specific Code	ESP General Partner Limited Partnership	Other	Limited partnership	Non-mutual		50%	100%	50%	Yes[1]	Dominant	50%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	923M5RA2I1X3IO5 NGM14GB00057	Specific Code	ESP Golden Bear Europe Fund	Other	Limited partnership	Non-mutual		3%	3%	3%	Yes[1]	Significant	3%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00064	Specific Code	ESP II Conduit LP	Other	Limited partnership	Non-mutual		46%	100%	46%	Yes[1]	Dominant	46%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00049	Specific Code	ESP II General Partner Limited Partnership	Other	Limited partnership	Non-mutual		46%	100%	46%	Yes[1]	Dominant	46%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00054	Specific Code	ESP Tidal Reach LP	Other	Limited partnership	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00042	Specific Code	European Strategic Partners	Other	Limited partnership	Non-mutual		73%	100%	73%	Yes[1]	Dominant	73%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00004	Specific Code	European Strategic Partners 2006 'B'	Other	Limited partnership	Non-mutual		9%	9%	9%	Yes[1]	Significant	9%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00047	Specific Code	European Strategic Partners 2008 'B'	Other	Limited partnership	Non-mutual		4%	4%	4%	Yes[1]	Significant	4%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00014	Specific Code	European Strategic Partners II 'A'	Other	Limited partnership	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00030	Specific Code	European Strategic Partners II 'B'	Other	Limited partnership	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00043	Specific Code	European Strategic Partners II 'C'	Other	Limited partnership	Non-mutual		69%	100%	69%	Yes[1]	Dominant	69%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00040	Specific Code	European Strategic Partners II 'D'	Other	Limited partnership	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00051	Specific Code	European Strategic Partners II 'E'	Other	Limited partnership	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
NL	549300NR5XU4V9 M57E06NL00001	Specific code	Extraverde Property BV	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
PL	549300NR5XU4V9 M57E06PL00001	Specific code	Ezraya Sp z.o.o.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
CZ	549300NR5XU4V9 M57E06CZ00001	Specific code	Falcon II Pavlova s.r.o.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00012	Specific Code	Focus Business Solutions Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	0TMBS544NMO7G LCE7H90GB00016	Specific code	Focus Holdings Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00015	Specific Code	Focus Software Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00014	Specific code	Focus Solutions EBT Trustee Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00011	Specific Code	Focus Solutions Group Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00033	Specific code	G Park Management Company Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00065	Specific code	Gallions Reach Shopping Park (Nominee) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00005	Specific Code	Gallions Reach Shopping Park Limited Partnership	Other	Limited partnership	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
JE	923M5RA2I1X3IO5 NGM14JE00005	Specific code	Gallions Reach Shopping Park Unit Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
ES	549300NR5XU4V9 M57E06ES00002	Specific code	GREF Almeda Park SL	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
JE	549300NR5XU4V9 M57E06JE00001	Specific code	GREF Jersey Esplanade Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
JE	549300NR5XU4V9 M57E06JE00002	Specific code	GREF Jersey Holding Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
JE	549300NR5XU4V9 M57E06JE00003	Specific code	GREF Jersey Ireland Holding Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
JE	549300NR5XU4V9 M57E06JE00004	Specific code	GREF Jersey Ireland Property Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of accounting consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: Y/N	Inclusion in the scope of group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
IN	ONN53RF43KDRF CB1J158IN00001	Specific Code	HDFC Asset Management Company Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Securities and exchange board of India	40%	40%	40%	Yes[2]	Significant	40%	Y[4]		Method 1: Sectoral rules
AE	0TMBS544NMO7G LCE7H90AE00001	Specific code	HDFC International Life and Re Company Limited	Reinsurance undertaking	Company limited by shares	Non-mutual	Dubai Financial Services Authority	35%	35%	35%	Yes[2]	Significant	35%	Y[4]		Deduction of the participation in relation to article 229 of Directive 2009/138/EC
IN	0TMBS544NMO7G LCE7H90IN00002	Specific code	HDFC Pension Management Company Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Pension Fund Regulatory and Development Authority	35%	35%	35%	Yes[2]	Significant	35%	Y[4]		Deduction of the participation in relation to article 229 of Directive 2009/138/EC
IN	0TMBS544NMO7G LCE7H90IN00001	Specific Code	HDFC Standard Life Insurance Company Limited	Life insurance undertaking	Company limited by shares	Non-mutual	Insurance Regulatory and Development Authority of India	35%	35%	35%	Yes[2]	Significant	35%	Y[4]		Deduction of the participation in relation to article 229 of Directive 2009/138/EC
CN	0TMBS544NMO7G LCE7H90CN00001	Specific Code	Heng An Standard Life Insurance Company Limited	Life insurance undertaking	Company limited by shares	Non-mutual	China Insurance Regulatory Commission	50%	50%	50%	Yes[3]	Significant	50%	Y[4]		Method 2: Solvency II
JE	923M5RA2I1X3IO5 NGM14JE00001	Specific code	High Street Nominee No. 1 Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
JE	923M5RA2I1X3IO5 NGM14JE00002	Specific code	High Street Nominee No. 2 Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00008	Specific Code	Hundred S.à r.l.	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00023	Specific code	Ibis (748) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00024	Specific code	Ibis (749) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	923M5RA2I1X3IO5 NGM14GB00013	Specific code	Iceni Nominees (No.2) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00037	Specific code	Iceni Nominees (No.2A) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	213800OGXP9HA 3LT3B36	LEI	Ignis Asset Management Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
KY	213800OGXP9HA 3LT3B36KY00001	Specific code	Ignis Carry Partner Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
KY	549300R6VQT2LX G1R277KY00001	Specific code	Ignis Cayman GP2 Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
KY	549300R6VQT2LX G1R277KY00002	Specific code	Ignis Cayman GP3 Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	213800I2P9S7WY MAES82	LEI	Ignis Fund Managers Limited	UCITS management companies as defined in Article 1 (54) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	213800GAL1S9UI G83646GB00001	Specific Code	Ignis Investment Management Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	213800GAL1S9UI G83646	LEI	Ignis Investment Services Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	213800OGXP9HA 3LT3B36GB00002	Specific code	Ignis Nominees Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00001	Specific Code	Inesia S.A.	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence: % capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: Y/N	Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	923M5RA2I1X3IO5 NGM14GB00025	Specific code	Inhoco 3107 Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
PL	549300NR5XU4V9 M57E06PL00005	Specific code	Invest Park 3 Sp. z.o.o.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	54930086KQ2HM OJJNO38	LEI	Jones Sheridan Financial Consulting Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	923M5RA2I1X3IO5 NGM14GB00059	Specific code	Jones Sheridan Holdings Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00066	Specific code	Lake Meadows Management Company Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00010	Specific code	Lincoln St Marks (One) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00011	Specific code	Lincoln St Marks (Two) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	213800K81TDSHG 5NZQ52GB00001	Specific code	Living In Retirement Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
NL	923M5RA2I1X3IO5 NGM14NL00004	Specific Code	Lothian Development III (Nederland) BV	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
BE	923M5RA2I1X3IO5 NGM14BE00002	Specific Code	Lothian Development III SA	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00067	Specific code	Mallard Investments LLP	Other	Limited Liability Partnership	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
GB	213800OGXP9HA 3LT3B36GB00003	Specific code	Mastscreen Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00050	Specific Code	NASP 2006 General Partner Limited Partnership	Other	Limited partnership	Non-mutual		62%	100%	62%	Yes[1]	Dominant	62%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
NO	923M5RA2I1X3IO5 NGM14NO00001	Specific Code	Nordic Hydro AS	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
NO	923M5RA2I1X3IO5 NGM14NO00002	Specific Code	Nordic Hydro Holding AS	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
NO	923M5RA2I1X3IO5 NGM14NO00003	Specific Code	Nordic Power AS	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
NO	923M5RA2I1X3IO5 NGM14NO00004	Specific Code	Nordic Power Torsnes AS	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00044	Specific Code	North American Strategic Partners (Feeder) 2006	Other	Limited partnership	Non-mutual		70%	100%	70%	Yes[1]	Dominant	70%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00045	Specific Code	North American Strategic Partners (Feeder) 2008 Limited Partnership	Other	Limited partnership	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
US	923M5RA2I1X3IO5 NGM14US00003	Specific Code	North American Strategic Partners 2006 L.P.	Other	Limited partnership	Non-mutual		55%	100%	55%	Yes[1]	Dominant	55%	Y[4]		Other Method
US	923M5RA2I1X3IO5 NGM14US00004	Specific Code	North American Strategic Partners 2008 L.P.	Other	Limited partnership	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
US	923M5RA2I1X3IO5 NGM14US00002	Specific Code	North American Strategic Partners GP, LP	Other	Limited partnership	Non-mutual		80%	100%	80%	Yes[1]	Dominant	80%	Y[4]		Other Method
US	923M5RA2I1X3IO5 NGM14US00001	Specific Code	North American Strategic Partners, LP	Other	Limited partnership	Non-mutual		41%	100%	41%	Yes[1]	Dominant	41%	Y[4]		Other Method
GB	2138001NW8B8JM OWV358GB00001	Specific code	North East Trustees Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	2138001NW8B8JM OWV358GB00002	Specific code	Pace Financial Solutions Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	2138001NW8B8JM OWV358GB00003	Specific code	Pace Mortgage Solutions Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of accounting consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: Y/N	Inclusion in the scope of group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
LU	549300NR5XU4V9 M57E06LU00002	Specific code	Panker Invest S.à r.l.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GG	2138002NLLYGLU K8WE42	LEI	Paragon Insurance Company Guernsey Limited	Non life insurance undertaking	Company limited by shares	Non-mutual	Guernsey Financial Services Commission	25%	25%	25%	None	Significant	25%	N[5]	2015-11-18	No inclusion in the scope of group supervision as defined in Art. 214 Directive 2009/138/EC
GB	2138001NW8B8JM OWV358GB00004	Specific code	Parnell Fisher Child & Co. Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	2138001NW8B8JM OWV358GB00005	Specific code	Parnell Fisher Child Holdings Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	2138001NW8B8JM OWV358GB00006	Specific code	Pearson Jones & Company (Trustees) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	2138001NW8B8JM OWV358GB00007	Specific code	Pearson Jones Nominees Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	2138001NW8B8JM OWV358	LEI	Pearson Jones plc	Credit institutions, investment firms and financial institutions	Public limited company	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
PL	549300NR5XU4V9 M57E06PL00002	Specific code	PLC Poland 20 Sp z.o.o.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
PL	549300NR5XU4V9 M57E06PL00003	Specific code	PLC Poland 25 Sp z.o.o.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
PL	549300NR5XU4V9 M57E06PL00004	Specific code	PLC Poland 34 Sp z.o.o.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00018	Specific code	Property Corporate Director 1 Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of accounting consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: Y/N	Inclusion in the scope of group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	923M5RA2I1X3IO5 NGM14GB00019	Specific code	Property Corporate Director 2 Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00039	Specific code	Ravensbourne Retail Park Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
CZ	549300NR5XU4V9 M57E06CZ00002	Specific code	Retail Park HANÁ a.s.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
CZ	549300NR5XU4V9 M57E06CZ00003	Specific code	Retail Park Ostrava a.s.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00068	Specific code	Rock Rail East Anglia (Holdings) 1 Limited	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00069	Specific code	Rock Rail East Anglia (Holdings) 2 Limited	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00070	Specific code	Rock Rail East Anglia plc	Other	Public Limited Company	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00071	Specific code	Rock Rail Moorgate (Holdings) Limited	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00072	Specific code	Rock Rail Moorgate plc	Other	Public Limited Company	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
GB	213800KS3MKLUT 4YQD49	LEI	Scottish Mutual Investment Managers Limited	UCITS management companies as defined in Article 1 (54) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	213800A7I2WASG SWIS22	LEI	Scottish Mutual PEP and ISA Managers Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
IE	549300JWIMS5EZ 61L635	LEI	Seabury Assets Fund Plc - The Euro VNAV Liquidity Fund	Other	OEIC	Non-mutual		98%	100%	98%	Yes[1]	Dominant	98%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
IE	5493003J3MTWW 4W39G98	LEI	Seabury Assets Fund Plc - The No.1 Fund	Other	OEIC	Non-mutual		92%	100%	92%	Yes[1]	Dominant	92%	Y[4]		Other Method
IE	549300FZNZKXXU YXI275	LEI	Seabury Assets Fund Plc - The Sterling VNAV Liquidity Fund	Other	OEIC	Non-mutual		96%	100%	96%	Yes[1]	Dominant	96%	Y[4]		Other Method
GB	549300NR5XU4V9 M57E06GB00001	Specific code	Select Japan (GK Holdings UK) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	549300NR5XU4V9 M57E06GB00002	Specific code	Select Japan (TK Holdings UK) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	549300NR5XU4V9 M57E06GB00003	Specific code	Select Japan G.K.	Other	Limited by members	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
MT	549300NR5XU4V9 M57E06MT00001	Specific code	Select Malta Holdings Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
MU	549300NR5XU4V9 M57E06MU00001	Specific code	Select Property Holdings (Mauritius) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00075	Specific code	Serin Wealth Limited	Other	Company limited by shares	Non-mutual		50%	100%	50%	None	Dominant	50%	Y[4]		Other Method
GB	213800VDVMLD48 N5IJ72	LEI	Sinfonia Asset Management Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00032	Specific code	SL (NEWCO) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00055	Specific Code	SL Capital ESF I LP	Other	Limited partnership	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00060	Specific Code	SL Capital Infrastructure I LP	Other	Limited partnership	Non-mutual		35%	35%	35%	Yes[1]	Significant	35%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00048	Specific Code	SL Capital NASF I A LP	Other	Limited partnership	Non-mutual		22%	22%	22%	Yes[1]	Significant	22%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00061	Specific Code	SL Capital NASF I LP	Other	Limited partnership	Non-mutual		19%	19%	19%	Yes[1]	Significant	19%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300R6VQT2LX G1R277GB00002	Specific Code	SL Capital Partners (US) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277	LEI	SL Capital Partners LLP	Credit institutions, investment firms and financial institutions	Limited liability partnership	Non-mutual	Financial Conduct Authority	60%	100%	60.00%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	Y8L15CMQSLZQZ 1074Q31GB00001	Specific Code	SL Capital SOF I Feeder LP	Other	Limited partnership	Non-mutual		0.4%	0.4%	0.4%	Yes[1]	Significant	0.4%	Y[4]		Other Method
GB	Y8L15CMQSLZQZ 1074Q31GB00003	Specific Code	SL Capital SOF I LP	Other	Limited partnership	Non-mutual		0.3%	0.3%	0.3%	Yes[1]	Significant	0.3%	Y[4]		Other Method
GB	Y8L15CMQSLZQZ 1074Q31GB00002	Specific Code	SL Capital SOF II Feeder LP	Other	Limited partnership	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
GB	Y8L15CMQSLZQZ 1074Q31GB00004	Specific Code	SL Capital SOF II LP	Other	Limited partnership	Non-mutual		0.4%	0.4%	0.4%	Yes[1]	Significant	0.4%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00005	Specific Code	SLA Belgium No.1 SA	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00002	Specific Code	SLA Germany No.1 S.à r.l.	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00006	Specific Code	SLA Germany No.2 S.à r.l.	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00007	Specific code	SLA Germany No.3 S.à r.l.	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00004	Specific Code	SLA Ireland No.1 S.à r.l.	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
NL	923M5RA2I1X3IO5 NGM14NL00006	Specific Code	SLA Netherlands No.1 B.V.	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00007	Specific code	SLACOM (No.10) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00008	Specific Code	SLACOM (No.8) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

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Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	923M5RA2I1X3IO5 NGM14GB00009	Specific code	SLACOM (No.9) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	549300R6VQT2LX G1R277GB00027	Specific code	SLCP (Founder Partner Ignis Private Equity) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00028	Specific code	SLCP (Founder Partner Ignis Strategic Credit) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00029	Specific code	SLCP (General Partner 2016 Co-investment) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00003	Specific Code	SLCP (General Partner CPP) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00021	Specific code	SLCP (General Partner EC) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00005	Specific Code	SLCP (General Partner Edcastle) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00018	Specific Code	SLCP (General Partner ESF I) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00022	Specific code	SLCP (General Partner ESF II) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00010	Specific Code	SLCP (General Partner ESP 2004) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00007	Specific Code	SLCP (General Partner ESP 2006) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00004	Specific Code	SLCP (General Partner ESP 2008 Coinvestment) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00008	Specific Code	SLCP (General Partner ESP 2008) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules

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Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300R6VQT2LX G1R277GB00011	Specific Code	SLCP (General Partner ESP CAL) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00023	Specific code	SLCP (General Partner Europe VI) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00006	Specific Code	SLCP (General Partner II) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00020	Specific Code	SLCP (General Partner Infrastructure I) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00024	Specific Code	SLCP (General Partner Infrastructure Secondary I) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00017	Specific Code	SLCP (General Partner NASF I) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00009	Specific Code	SLCP (General Partner NASP 2006) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00012	Specific Code	SLCP (General Partner NASP 2008) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00026	Specific code	SLCP (General Partner Pearl Private Equity) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00025	Specific code	SLCP (General Partner Pearl Strategic Credit) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00016	Specific Code	SLCP (General Partner SOF I) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00019	Specific Code	SLCP (General Partner SOF II) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00031	Specific code	SLCP (General Partner SOF III) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules

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Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300R6VQT2LX G1R277GB00013	Specific Code	SLCP (General Partner Tidal Reach) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00014	Specific code	SLCP (General Partner USA) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00015	Specific Code	SLCP (General Partner) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
GB	549300R6VQT2LX G1R277GB00001	Specific Code	SLCP (Holdings) Limited	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Method 1: Sectoral rules
LU	923M5RA2I1X3IO5 NGM14LU00009	Specific code	SLCP Infrastructure I (Holdings) S.à r.l	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00010	Specific code	SLCP Infrastructure I-A S.à r.l	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00002	Specific code	SLIF Property Investment GP Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	549300WXAPFM2 6C9IC70	LEI	SLTM Limited	UCITS management companies as defined in Article 1 (54) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
SG	0TMBS544NMO7G LCE7H90SG00001	Specific code	Standard Life (Asia Pacific Holdings) Private Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
HK	0TMBS544NMO7G LCE7H90HK00001	Specific Code	Standard Life (Asia) Limited	Life insurance undertaking	Company limited by shares	Non-mutual	Hong Kong Monetary Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 2: Solvency II
GB	0TMBS544NMO7G LCE7H90GB00030	Specific code	Standard Life (London) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence: % capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: Y/N	Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
MU	0TMBS544NMO7G LCE7H90MU00001	Specific Code	Standard Life (Mauritius Holdings) 2006 Limited	Insurance holding company as defined in Art. 212(1) (f) of Directive 2009/138/EC	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Full consolidation
GB	549300VAK5WRI3 QRS839	LEI	Standard Life Active Plus Bond Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00036	Specific code	Standard Life Agency Services Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
LU	923M5RA2I1X3IO5 NGM14LU00003	Specific Code	Standard Life Assurance (HWPF) Luxembourg S.à r.l.	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14	LEI	Standard Life Assurance Limited	Life insurance undertaking	Company limited by shares	Non-mutual	Prudential Regulatory Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Full consolidation
GB	923M5RA2I1X3IO5 NGM14GB00012	Specific Code	Standard Life Charity Fund	Other	Company limited by guarantee	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	54930015MG4YK3 FYGG50	LEI	Standard Life Client Management Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	0TMBS544NMO7G LCE7H90GB00023	Specific Code	Standard Life Employee Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Full consolidation
GB	21380015XPT7BZI SSQ74	LEI	Standard Life Equity Income Trust PLC	Other	Public Limited Company	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
GB	2138004MK7VPTZ 99EV13	LEI	Standard Life European Private Equity Trust PLC	Other	Public limited company	Non-mutual		56%	100%	56%	None	Dominant	56%	Y[4]		Other Method
GB	549300OGBCWXT EIIB738	LEI	Standard Life European Trust	Other	Unit Trust	Non-mutual		94%	100%	94%	Yes[1]	Dominant	94%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300MFFMRGN 3DL4U09	LEI	Standard Life European Trust II	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00018	Specific code	Standard Life Finance Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00009	Specific Code	Standard Life Foundation	Other	Company limited by guarantee	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	549300M1KFPI0O TDC316	LEI	Standard Life Global Equity Trust II	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
IE	MU1J7DTC8IC8V MFT8818	LEI	Standard Life International Designated Activity Company	Life insurance undertaking	Incorporated company limited by shares	Non-mutual	Central Bank of Ireland	100%	100%	100%	None	Dominant	100%	Y[4]		Method 2: Solvency II
GB	549300SHV3HHV K5G9F12	LEI	Standard Life International Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	5493004KJIN60HH DGX91	LEI	Standard Life Investment Company - AAA Income Fund	Other	OEIC	Non-mutual		3%	3%	3%	Yes[1]	Significant	3%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00022	Specific code	Standard Life Investment Company - American Equity Income Fund	Other	OEIC	Non-mutual		58%	100%	58%	Yes[1]	Dominant	58%	Y[4]		Other Method
GB	549300BUA0TYZ W27B545	LEI	Standard Life Investment Company - American Equity Unconstrained Fund	Other	OEIC	Non-mutual		38%	100%	38%	Yes[1]	Dominant	38%	Y[4]		Other Method
GB	549300QF2O743K 9ANU29	LEI	Standard Life Investment Company - Asian Pacific Growth Fund	Other	OEIC	Non-mutual		23%	100%	23%	Yes[1]	Dominant	23%	Y[4]		Other Method
GB	5493002044GBSU YXHY38	LEI	Standard Life Investment Company - Corporate Bond Fund	Other	OEIC	Non-mutual		31%	100%	31%	Yes[1]	Dominant	31%	Y[4]		Other Method
GB	549300NR581Q2A E3V593	LEI	Standard Life Investment Company - Emerging Market Debt Fund	Other	OEIC	Non-mutual		77%	100%	77%	Yes[1]	Dominant	77%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	5493007JCL9H6U W75N02	LEI	Standard Life Investment Company - Europe ex-UK Smaller Companies Fund	Other	OEIC	Non-mutual		14%	23%	14%	Yes[1]	Significant	14%	Y[4]		Other Method
GB	5493009SERSZDJ PL4C02	LEI	Standard Life Investment Company - European Equity Growth Fund	Other	OEIC	Non-mutual		30%	100%	30%	Yes[1]	Dominant	30%	Y[4]		Other Method
GB	549300SWQMOBJ 71D8V30	LEI	Standard Life Investment Company - European Equity Income Fund	Other	OEIC	Non-mutual		13%	19%	13%	Yes[1]	Significant	13%	Y[4]		Other Method
GB	549300DPG7M5B2 6ETT89	LEI	Standard Life Investment Company - Global Emerging Markets Equity Fund	Other	OEIC	Non-mutual		86%	100%	86%	Yes[1]	Dominant	86%	Y[4]		Other Method
GB	549300IL7BS03RL OFU72	LEI	Standard Life Investment Company - Global Emerging Markets Equity Income Fund	Other	OEIC	Non-mutual		87%	100%	87%	Yes[1]	Dominant	87%	Y[4]		Other Method
GB	5493001A7GT1PU X3EG61	LEI	Standard Life Investment Company - Global Equity Income Fund	Other	OEIC	Non-mutual		15%	19%	15%	Yes[1]	Significant	15%	Y[4]		Other Method
GB	549300I8RCKMET 404713	LEI	Standard Life Investment Company - Global Equity Unconstrained Fund	Other	OEIC	Non-mutual		41%	100%	41%	Yes[1]	Dominant	41%	Y[4]		Other Method
GB	549300R08EHVC5 JJP961	LEI	Standard Life Investment Company - Global Smaller Companies Fund	Other	OEIC	Non-mutual		9%	9%	9%	Yes[1]	Significant	9%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00001	Specific code	Standard Life Investment Company - Higher Income Fund	Other	OEIC	Non-mutual		30%	100%	30%	Yes[1]	Dominant	30%	Y[4]		Other Method

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Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	5493001C0YQN0L MGLZ65	LEI	Standard Life Investment Company - Investment Grade Corporate Bond Fund	Other	OEIC	Non-mutual		39%	100%	39%	Yes[1]	Dominant	39%	Y[4]		Other Method
GB	549300U6FPNMX T4DDH56	LEI	Standard Life Investment Company - Japanese Equity Growth Fund	Other	OEIC	Non-mutual		80%	100%	80%	Yes[1]	Dominant	80%	Y[4]		Other Method
GB	549300NVBXP1W SQJB038	LEI	Standard Life Investment Company - Short Duration Credit Fund	Other	OEIC	Non-mutual		49%	100%	49%	Yes[1]	Dominant	49%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00017	Specific code	Standard Life Investment Company - UK Equity Growth Fund	Other	OEIC	Non-mutual		32%	100%	32%	Yes[1]	Dominant	32%	Y[4]		Other Method
GB	5493009V1KC8G3 NJ2Q15	LEI	Standard Life Investment Company - UK Equity High Alpha Fund	Other	OEIC	Non-mutual		31%	100%	31%	Yes[1]	Dominant	31%	Y[4]		Other Method
GB	549300D1NAKBN Q6EWD13	LEI	Standard Life Investment Company - UK Equity High Income Fund	Other	OEIC	Non-mutual		32%	100%	32%	Yes[1]	Dominant	32%	Y[4]		Other Method
GB	549300TSFB2Y6Y J6C454	LEI	Standard Life Investment Company - UK Equity Recovery Fund	Other	OEIC	Non-mutual		14%	18%	14%	Yes[1]	Significant	14%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00018	Specific code	Standard Life Investment Company - UK Ethical Fund	Other	OEIC	Non-mutual		11%	11%	11%	Yes[1]	Significant	11%	Y[4]		Other Method
GB	549300W15GGPT R7GXH49	LEI	Standard Life Investment Company - UK Gilt Fund	Other	OEIC	Non-mutual		8%	8%	8%	Yes[1]	Significant	8%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00019	Specific code	Standard Life Investment Company - UK Opportunities Fund	Other	OEIC	Non-mutual		70%	100%	70%	Yes[1]	Dominant	70%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300KYBU0ETB 5ZMM34	LEI	Standard Life Investment Company - UK Smaller Companies Fund	Other	OEIC	Non-mutual		31%	34%	31%	Yes[1]	Significant	31%	Y[4]		Other Method
GB	549300G5T8WS3 QYVLZ52	LEI	Standard Life Investment Company II - Standard Life Investments Corporate Debt Fund	Other	OEIC	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	549300K8H8PF81I 79V14	LEI	Standard Life Investment Company II - Standard Life Investments Ethical Corporate Bond Fund	Other	OEIC	Non-mutual		62%	100%	62%	Yes[1]	Dominant	62%	Y[4]		Other Method
GB	549300BRIS40GV 4JCP40	LEI	Standard Life Investment Company II - Standard Life Investments European Ethical Equity Fund	Other	OEIC	Non-mutual		92%	100%	92%	Yes[1]	Dominant	92%	Y[4]		Other Method
GB	549300JNPM6F1D OWD990	LEI	Standard Life Investment Company II - Standard Life Investments Global Index Linked Bond Fund	Other	OEIC	Non-mutual		13%	18%	13%	Yes[1]	Significant	13%	Y[4]		Other Method
GB	549300ZL16HYEX BNNY88	LEI	Standard Life Investment Company II - Standard Life Investments Global REIT Fund	Other	OEIC	Non-mutual		49%	100%	49%	Yes[1]	Dominant	49%	Y[4]		Other Method
GB	5493000EGJ32E4 VRCD68	LEI	Standard Life Investment Company II - Standard Life Investments Short Dated Corporate Bond Fund	Other	OEIC	Non-mutual		31%	100%	31%	Yes[1]	Dominant	31%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300P9GBRPE SQMRN82	LEI	Standard Life Investment Company II - Standard Life Investments Short Duration Global Index Linked Bond Fund	Other	OEIC	Non-mutual		30%	100%	30%	Yes[1]	Dominant	30%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00020	Specific code	Standard Life Investment Company II - Standard Life Investments UK Equity Income Unconstrained Fund	Other	OEIC	Non-mutual		20%	30%	20%	Yes[1]	Significant	20%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00021	Specific code	Standard Life Investment Company II - Standard Life Investments UK Equity Unconstrained Fund	Other	OEIC	Non-mutual		35%	100%	35%	Yes[1]	Dominant	35%	Y[4]		Other Method
GB	5493000YK0YJ6Q 9DLZ09	LEI	Standard Life Investment Company III - Enhanced-Diversification Growth Fund	Other	OEIC	Non-mutual		98%	100%	98%	Yes[1]	Dominant	98%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00002	Specific code	Standard Life Investment Company III - MyFolio Managed I Fund	Other	OEIC	Non-mutual		69%	100%	69%	Yes[1]	Dominant	69%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00003	Specific code	Standard Life Investment Company III - MyFolio Managed II Fund	Other	OEIC	Non-mutual		66%	100%	66%	Yes[1]	Dominant	66%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00004	Specific code	Standard Life Investment Company III - MyFolio Managed III Fund	Other	OEIC	Non-mutual		75%	100%	75%	Yes[1]	Dominant	75%	Y[4]		Other Method
GB	549300UJC70W1V M3PL45	LEI	Standard Life Investment Company III - MyFolio Managed Income I Fund	Other	OEIC	Non-mutual		41%	100%	41%	Yes[1]	Dominant	41%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300G33G26OF OVG932	LEI	Standard Life Investment Company III - MyFolio Managed Income II Fund	Other	OEIC	Non-mutual		45%	100%	45%	Yes[1]	Dominant	45%	Y[4]		Other Method
GB	549300BGII9VTG GBO037	LEI	Standard Life Investment Company III - MyFolio Managed Income III Fund	Other	OEIC	Non-mutual		49%	100%	49%	Yes[1]	Dominant	49%	Y[4]		Other Method
GB	549300DBL8NLKM 2GXD23	LEI	Standard Life Investment Company III - MyFolio Managed Income IV Fund	Other	OEIC	Non-mutual		48%	100%	48%	Yes[1]	Dominant	48%	Y[4]		Other Method
GB	549300HJIR0BOP 4HN468	LEI	Standard Life Investment Company III - MyFolio Managed Income V Fund	Other	OEIC	Non-mutual		57%	100%	57%	Yes[1]	Dominant	57%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00005	Specific code	Standard Life Investment Company III - MyFolio Managed IV Fund	Other	OEIC	Non-mutual		58%	100%	58%	Yes[1]	Dominant	58%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00006	Specific code	Standard Life Investment Company III - MyFolio Managed V Fund	Other	OEIC	Non-mutual		69%	100%	69%	Yes[1]	Dominant	69%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00007	Specific code	Standard Life Investment Company III - MyFolio Market I Fund	Other	OEIC	Non-mutual		46%	100%	46%	Yes[1]	Dominant	46%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00008	Specific code	Standard Life Investment Company III - MyFolio Market II Fund	Other	OEIC	Non-mutual		43%	100%	43%	Yes[1]	Dominant	43%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00009	Specific code	Standard Life Investment Company III - MyFolio Market III Fund	Other	OEIC	Non-mutual		63%	100%	63%	Yes[1]	Dominant	63%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300H0KNS89J 532B61GB00010	Specific code	Standard Life Investment Company III - MyFolio Market IV Fund	Other	OEIC	Non-mutual		62%	100%	62%	Yes[1]	Dominant	62%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00011	Specific code	Standard Life Investment Company III - MyFolio Market V Fund	Other	OEIC	Non-mutual		69%	100%	69%	Yes[1]	Dominant	69%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00012	Specific code	Standard Life Investment Company III - MyFolio Multi-Manager I Fund	Other	OEIC	Non-mutual		52%	100%	52%	Yes[1]	Dominant	52%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00013	Specific code	Standard Life Investment Company III - MyFolio Multi-Manager II Fund	Other	OEIC	Non-mutual		52%	100%	52%	Yes[1]	Dominant	52%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00014	Specific code	Standard Life Investment Company III - MyFolio Multi-Manager III Fund	Other	OEIC	Non-mutual		59%	100%	59%	Yes[1]	Dominant	59%	Y[4]		Other Method
GB	549300JQCVKUX SCSR680	LEI	Standard Life Investment Company III - MyFolio Multi-Manager Income I Fund	Other	OEIC	Non-mutual		46%	100%	46%	Yes[1]	Dominant	46%	Y[4]		Other Method
GB	549300NS0IMP3S WEQ085	LEI	Standard Life Investment Company III - MyFolio Multi-Manager Income II Fund	Other	OEIC	Non-mutual		43%	100%	43%	Yes[1]	Dominant	43%	Y[4]		Other Method
GB	549300NIICQ7Y86 N7F43	LEI	Standard Life Investment Company III - MyFolio Multi-Manager Income III Fund	Other	OEIC	Non-mutual		51%	100%	51%	Yes[1]	Dominant	51%	Y[4]		Other Method
GB	54930022UIJC7YA X0T06	LEI	Standard Life Investment Company III - MyFolio Multi-Manager Income IV Fund	Other	OEIC	Non-mutual		40%	100%	40%	Yes[1]	Dominant	40%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300OK4LPAPB PFG253	LEI	Standard Life Investment Company III - MyFolio Multi-Manager Income V Fund	Other	OEIC	Non-mutual		56%	100%	56%	Yes[1]	Dominant	56%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00015	Specific code	Standard Life Investment Company III - MyFolio Multi-Manager IV Fund	Other	OEIC	Non-mutual		53%	100%	53%	Yes[1]	Dominant	53%	Y[4]		Other Method
GB	549300H0KNS89J 532B61GB00016	Specific code	Standard Life Investment Company III - MyFolio Multi-Manager V Fund	Other	OEIC	Non-mutual		51%	100%	51%	Yes[1]	Dominant	51%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00038	Specific code	Standard Life Investment Funds Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
MU	ONN53RF43KDRF CB1J158MU00001	Specific code	Standard Life Investments - India Advantage Fund	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	549300WSN2YD8 Y9VT805	LEI	Standard Life Investments (Corporate Funds) Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
FR	ONN53RF43KDRF CB1J158FR00001	Specific Code	Standard Life Investments (France) SAS	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00004	Specific Code	Standard Life Investments (General Partner CRED) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00007	Specific Code	Standard Life Investments (General Partner EPGF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00027	Specific Code	Standard Life Investments (General Partner European Real Estate Club II) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300R6VQT2LX G1R277GB00032	Specific code	Standard Life Investments (General Partner European Real Estate Club III) Limited	Other	Company Limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00022	Specific Code	Standard Life Investments (General Partner European Real Estate Club) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00006	Specific code	Standard Life Investments (General Partner GARS) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00026	Specific code	Standard Life Investments (General Partner GFS) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00025	Specific code	Standard Life Investments (General Partner MAC) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00002	Specific Code	Standard Life Investments (General Partner PDFI) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00001	Specific code	Standard Life Investments (General Partner UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158JE00002	Specific Code	Standard Life Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	0TMBS544NMO7G LCE7H90GB00007	Specific Code	Standard Life Investments (Holdings) Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	N/A	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
HK	ONN53RF43KDRF CB1J158HK00001	Specific Code	Standard Life Investments (Hong Kong) Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Hong Kong Securities and Futures Commission	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
JP	ONN53RF43KDRF CB1J158JP00001	Specific Code	Standard Life Investments (Japan) Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Japanese Financial Services Agency	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
JE	ONN53RF43KDRF CB1J158JE00001	Specific Code	Standard Life Investments (Jersey) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	549300H0KNS89J 532B61	LEI	Standard Life Investments (Mutual Funds) Limited	UCITS management companies as defined in Article 1 (54) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
JE	549300WSN2YD8 Y9VT805JE00001	Specific Code	Standard Life Investments (PDF No. 1) Limited	Other	Company limited by shares	Non-mutual		50%	100%	50%	None	Dominant	50%	Y[4]		Method 1: Sectoral rules
GB	549300I7MQRU02 ZU8B61	LEI	Standard Life Investments (Private Capital) Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
CH	ONN53RF43KDRF CB1J158CH00001	Specific code	Standard Life Investments (Schweiz) AG	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Swiss Financial Market Supervisory Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
SG	ONN53RF43KDRF CB1J158SG00001	Specific code	Standard Life Investments (Singapore) Pte. Ltd	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00010	Specific code	Standard Life Investments (Trustee No. 1 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	ONN53RF43KDRF CB1J158GB00019	Specific code	Standard Life Investments (Trustee No. 10 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00020	Specific code	Standard Life Investments (Trustee No. 11 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00021	Specific code	Standard Life Investments (Trustee No. 12 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00011	Specific code	Standard Life Investments (Trustee No. 2 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00012	Specific code	Standard Life Investments (Trustee No. 3 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00013	Specific code	Standard Life Investments (Trustee No. 4 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00014	Specific code	Standard Life Investments (Trustee No. 5 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00015	Specific code	Standard Life Investments (Trustee No. 6 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00016	Specific code	Standard Life Investments (Trustee No. 7 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00017	Specific code	Standard Life Investments (Trustee No. 8 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	ONN53RF43KDRF CB1J158GB00018	Specific code	Standard Life Investments (Trustee No. 9 UK PDF) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00003	Specific Code	Standard Life Investments (USA) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	ONN53RF43KDRF CB1J158GB00005	Specific Code	Standard Life Investments Brent Cross General Partner Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	923M5RA2I1X3IO5 NGM14GB00056	Specific Code	Standard Life Investments Brent Cross LP	Other	Limited partnership	Non-mutual		47%	100%	47%	Yes[1]	Dominant	47%	Y[4]		Other Method
GB	54930000QS4A1C F6L143	LEI	Standard Life Investments Dynamic Distribution Fund	Other	Unit Trust	Non-mutual		46%	100%	46%	Yes[1]	Dominant	46%	Y[4]		Other Method
GB	ONN53RF43KDRF CB1J158GB00033	Specific Code	Standard Life Investments European Property Growth Fund L.P.	Other	Limited partnership	Non-mutual		7%	7%	7%	Yes[1]	Significant	7%	Y[4]		Other Method
GB	549300HSH8RC7F BBD421	LEI	Standard Life Investments European Real Estate Club II LP	Other	Limited partnership	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
GB	549300ECD7OY8K DR6M77	LEI	Standard Life Investments European Real Estate Club III LP	Other	Limited partnership	Non-mutual		2%	2%	2%	Yes[1]	Significant	2%	Y[4]		Other Method
GB	549300SYRY48UJ UND954	LEI	Standard Life Investments European Real Estate Club LP	Other	Limited partnership	Non-mutual		2%	2%	2%	Yes[1]	Significant	2%	Y[4]		Other Method
GB	549300ZJSFSEAL GJ0R05	LEI	Standard Life Investments Global Absolute Return Strategies Fund	Other	Unit Trust	Non-mutual		77%	100%	77%	Yes[1]	Dominant	77%	Y[4]		Other Method
GB	549300NR5XU4V9 M57E06	LEI	Standard Life Investments Global Real Estate Fund	Other	Unit Trust	Non-mutual		58%	100%	58%	Yes[1]	Dominant	58%	Y[4]		Other Method

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Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
LU	ZBFDG70US1SSJ G9Z0Y21	LEI	Standard Life Investments Global SICAV Absolute Return Global Bond Strategies Fund	Other	SICAV	Non-mutual		76%	100%	76%	Yes[1]	Dominant	76%	Y[4]		Other Method
LU	54930030LVH8EK AI7R88	LEI	Standard Life Investments Global SICAV American Equity Unconstrained Fund	Other	SICAV	Non-mutual		0.01%	0.01%	0.01%	Yes[1]	Significant	0.01%	Y[4]		Other Method
LU	F4QP8LMDYB2O4 M41Y416	LEI	Standard Life Investments Global SICAV Asian Equities Fund	Other	SICAV	Non-mutual		10%	10%	10%	Yes[1]	Significant	10%	Y[4]		Other Method
LU	UYCT0I5PGBDBY 00XEV95	LEI	Standard Life Investments Global SICAV China Equities Fund	Other	SICAV	Non-mutual		63%	100%	63%	Yes[1]	Dominant	63%	Y[4]		Other Method
LU	549300BZO5DJ26 HO1F53	LEI	Standard Life Investments Global SICAV Continental European Equity Income Fund	Other	SICAV	Non-mutual		3%	5%	3%	Yes[1]	Significant	3%	Y[4]		Other Method
LU	549300CHYU562L PLPM79	LEI	Standard Life Investments Global SICAV Emerging Market Corporate Bond Fund	Other	SICAV	Non-mutual		89%	100%	89%	Yes[1]	Dominant	89%	Y[4]		Other Method
LU	549300ZUA2EHOZ VRBD37	LEI	Standard Life Investments Global SICAV Emerging Market Debt Fund	Other	SICAV	Non-mutual		0.1%	0.1%	0.1%	Yes[1]	Significant	0.1%	Y[4]		Other Method
LU	5493002WQL6BC M1H6D35	LEI	Standard Life Investments Global SICAV Emerging Market Debt Unconstrained Fund	Other	SICAV	Non-mutual		5%	9%	5%	Yes[1]	Significant	5%	Y[4]		Other Method
LU	549300M4GPJKY6 QZ5W83	LEI	Standard Life Investments Global SICAV Emerging Markets Local Currency Debt Fund	Other	SICAV	Non-mutual		81%	100%	81%	Yes[1]	Dominant	81%	Y[4]		Other Method

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Country C0010	Identification code of the undertaking C0020	Type of code of the ID of the under-taking C0030	Legal name of the undertaking C0040	Type of under-taking C0050	Legal form C0060	Category (mutual/ non mutual) C0070	Supervisory Authority C0080	% capital share C0180	% used for the establishment of accounting consolidated accounts C0190	% voting rights C0200	Other criteria C0210	Level of influence C0220	Proportional share used for group solvency calculation C0230	Y/N C0240	Date of decision if art. 214 is applied C0250	Method used and under method 1, treatment of the undertaking C0260
LU	5493003DIVCR9U KRTJ60	LEI	Standard Life Investments Global SICAV Enhanced Diversification Global Emerging Markets Equities Fund	Other	SICAV	Non-mutual		99%	100%	99%	Yes[1]	Dominant	99%	Y[4]		Other Method
LU	O7HH6SBXFMH5 NOPHCD14	LEI	Standard Life Investments Global SICAV Euro Government All Stocks Fund	Other	SICAV	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
LU	0C8VPGENNA8PS KOIU246	LEI	Standard Life Investments Global SICAV European Corporate Bond Fund	Other	SICAV	Non-mutual		33%	33%	33%	Yes[1]	Significant	33%	Y[4]		Other Method
LU	5493004ABG8CU CJM5548	LEI	Standard Life Investments Global SICAV European Corporate Bond Sustainable and Responsible Investment Fund	Other	SICAV	Non-mutual		<0.01%	<0.01%	<0.01%	Yes[1]	Significant	<0.01%	Y[4]		Other Method
LU	Q3YL855MATOB7 C6KPU61	LEI	Standard Life Investments Global SICAV European Equities Fund	Other	SICAV	Non-mutual		73%	100%	73%	Yes[1]	Dominant	73%	Y[4]		Other Method
LU	6WCXZHE5XM510 XSF8P58	LEI	Standard Life Investments Global SICAV European Equity Unconstrained Fund	Other	SICAV	Non-mutual		88%	100%	88%	Yes[1]	Dominant	88%	Y[4]		Other Method
LU	IRJRQM0UGIXK5 WPPYO69	LEI	Standard Life Investments Global SICAV European High Yield Bond Fund	Other	SICAV	Non-mutual		26%	35%	26%	Yes[1]	Significant	26%	Y[4]		Other Method
LU	IKNRVTZFJMXVU 04INT73	LEI	Standard Life Investments Global SICAV European Smaller Companies Fund	Other	SICAV	Non-mutual		42%	100%	42%	Yes[1]	Dominant	42%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
LU	549300HYV8G6BS OFVX33	LEI	Standard Life Investments Global SICAV Global Absolute Return Strategies Fund	Other	SICAV	Non-mutual		27%	27%	27%	Yes[1]	Significant	27%	Y[4]		Other Method
LU	GXYUVJHLG0VX GF6GTH78	LEI	Standard Life Investments Global SICAV Global Bond Fund	Other	SICAV	Non-mutual		76%	100%	76%	Yes[1]	Dominant	76%	Y[4]		Other Method
LU	JXZR3W3VMU9TZ 227V008	LEI	Standard Life Investments Global SICAV Global Corporate Bond Fund	Other	SICAV	Non-mutual		46%	100%	46%	Yes[1]	Dominant	46%	Y[4]		Other Method
LU	549300QJ2E9SNO N5N233	LEI	Standard Life Investments Global SICAV Global Emerging Markets Equities Fund	Other	SICAV	Non-mutual		0.03%	0.03%	0.03%	Yes[1]	Significant	0.03%	Y[4]		Other Method
LU	549300MQ6OU848 KVSO26	LEI	Standard Life Investments Global SICAV Global Emerging Markets Equity Unconstrained Fund	Other	SICAV	Non-mutual		89%	100%	89%	Yes[1]	Dominant	89%	Y[4]		Other Method
LU	WYX5CIV6AFQZI QU82357	LEI	Standard Life Investments Global SICAV Global Equities Fund	Other	SICAV	Non-mutual		89%	100%	89%	Yes[1]	Dominant	89%	Y[4]		Other Method
LU	MQJCM78MSWD4 EHCNJ437	LEI	Standard Life Investments Global SICAV Global Equity Unconstrained Fund	Other	SICAV	Non-mutual		16%	16%	16%	Yes[1]	Significant	16%	Y[4]		Other Method
LU	549300QSOMMNP 45UUX41	LEI	Standard Life Investments Global SICAV Global Focused Strategies Fund	Other	SICAV	Non-mutual		50%	100%	50%	Yes[1]	Dominant	50%	Y[4]		Other Method
LU	U9X3FTNHCUP4L 0WKGX71	LEI	Standard Life Investments Global SICAV Global High Yield Bond Fund	Other	SICAV	Non-mutual		68%	100%	68%	Yes[1]	Dominant	68%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
LU	OZNMNV475NEPJ 5ONU690	LEI	Standard Life Investments Global SICAV Global Inflation-Linked Bond Fund	Other	SICAV	Non-mutual		55%	100%	55%	Yes[1]	Dominant	55%	Y[4]		Other Method
LU	JCSNRTX2P3VQC SCY9U38	LEI	Standard Life Investments Global SICAV Global REIT Focus Fund	Other	SICAV	Non-mutual		83%	100%	83%	Yes[1]	Dominant	83%	Y[4]		Other Method
LU	549300N2B7WRB G4EZL58	LEI	Standard Life Investments Global SICAV II Enhanced-Diversification Multi Asset Fund	Other	SICAV	Non-mutual		99%	100%	99%	Yes[1]	Dominant	99%	Y[4]		Other Method
LU	549300B6HKI6RX NE5898	LEI	Standard Life Investments Global SICAV II MyFolio Multi-Manager I Fund	Other	SICAV	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
LU	549300KMLYJP6C IL1C94	LEI	Standard Life Investments Global SICAV II MyFolio Multi-Manager II Fund	Other	SICAV	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
LU	5493005SY71AH6 LMLU06	LEI	Standard Life Investments Global SICAV II MyFolio Multi-Manager III Fund	Other	SICAV	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
LU	549300J99IMX8JL CRP76	LEI	Standard Life Investments Global SICAV II MyFolio Multi-Manager IV Fund	Other	SICAV	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
LU	549300FP1AUJB6 O5I894	LEI	Standard Life Investments Global SICAV II MyFolio Multi-Manager V Fund	Other	SICAV	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
LU	549300CZXE3VWI U6GQ24	LEI	Standard Life Investments Global SICAV Indian Equity Midcap Opportunities Fund	Other	SICAV	Non-mutual		87%	100%	87%	Yes[1]	Dominant	87%	Y[4]		Other Method
LU	5493007BOMBCJ3 7CZ650	LEI	Standard Life Investments Global SICAV Japanese Equities Fund	Other	SICAV	Non-mutual		75%	100%	75%	Yes[1]	Dominant	75%	Y[4]		Other Method
LU	549300O68N1G1U K5RO59	LEI	Standard Life Investments Global SICAV Japanese Equity High Alpha Fund	Other	SICAV	Non-mutual		0.1%	0.1%	0.1%	Yes[1]	Significant	0.1%	Y[4]		Other Method
LU	549300O80EVHW V2VU007	LEI	Standard Life Investments Global SICAV Total Return Credit Fund	Other	SICAV	Non-mutual		74%	100%	74%	Yes[1]	Dominant	74%	Y[4]		Other Method
MU	549300CZXE3VWI U6GQ24MU00001	Specific code	Standard Life Investments GS (Mauritius Holdings) Limited	Other	Company limited by shares	Non-mutual		87%	100%	87%	Yes[1]	Dominant	87%	Y[4]		Other Method
IE	549300NR5XU4V9 M57E06IE00001	Specific code	Standard Life Investments ICVC plc - Global Real Estate Feeder Fund	Other	OEIC	Non-mutual		0.3%	0.3%	0.3%	Yes[1]	Significant	0.3%	Y[4]		Other Method
IE	5493007JUK1P8Y PB7094	LEI	Standard Life Investments Liability Solutions ICAV - Liability Aware Absolute Return III Nominal Profile Fund	Other	ICAV	Non-mutual		<0.01%	<0.01%	<0.01%	Yes[1]	Significant	<0.01%	Y[4]		Other Method
IE	549300VZB5N5MK HCDY48	LEI	Standard Life Investments Liability Solutions ICAV - Liability Aware Absolute Return III Real Profile Fund	Other	ICAV	Non-mutual		<0.01%	<0.01%	<0.01%	Yes[1]	Significant	<0.01%	Y[4]		Other Method
GB	ONN53RF43KDRF CB1J158	LEI	Standard Life Investments Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules

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Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
IE	21380036379JZNU A6L32	LEI	Standard Life Investments Liquidity Fund Plc - Euro Liquidity Fund	Other	OEIC	Non-mutual		22%	19%	22%	Yes[1]	Significant	22%	Y[4]		Other Method
IE	213800FIO2R1AW 5DBT98	LEI	Standard Life Investments Liquidity Fund Plc - Sterling Liquidity Fund	Other	OEIC	Non-mutual		7%	10%	7%	Yes[1]	Significant	7%	Y[4]		Other Method
KY	Y8L15CMQSLZQZ 1074Q31KY00001	Specific Code	Standard Life Investments Multi Asset Class Company	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
HK	ONN53RF43KDRF CB1J158HK00002	Specific code	Standard Life Investments No. 2 (Hong Kong) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GG	549300HHFBWZR KC7RW84	LEI	Standard Life Investments Property Income Trust Limited	Other	Company limited by shares	Non-mutual		4%	4%	4%	Yes[1]	Significant	4%	Y[4]		Other Method
US	ONN53RF43KDRF CB1J158US00001	Specific Code	Standard Life Investments Securities LLC	Credit institutions, investment firms and financial institutions	Limited liability company	Non-mutual	Financial Industry Regulatory Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	549300Y6I95V6CJ 8JP75	LEI	Standard Life Investments Strategic Bond Fund	Other	Unit Trust	Non-mutual		60%	100%	60%	Yes[1]	Dominant	60%	Y[4]		Other Method
GB	ONN53RF43KDRF CB1J158GB00031	Specific Code	Standard Life Investments UK PDF Investment LP	Other	Limited partnership	Non-mutual		39%	100%	39%	Yes[1]	Dominant	39%	Y[4]		Other Method
GB	ONN53RF43KDRF CB1J158GB00023	Specific Code	Standard Life Investments UK Property Development Fund L.P.	Other	Limited partnership	Non-mutual		39%	100%	39%	Yes[1]	Dominant	39%	Y[4]		Other Method
GB	213800CA73DJ24 XZ4O94	LEI	Standard Life Investments UK Real Estate Funds ICVC - Standard Life Investments UK Real Estate Fund	Other	OEIC	Non-mutual		33%	100%	33%	Yes[1]	Dominant	33%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800CA73DJ24 XZ4O94GB00001	Specific code	Standard Life Investments UK Real Estate Trust - Standard Life Investments UK Real Estate Accumulation Feeder Fund	Other	Unit Trust	Non-mutual		44%	100%	44%	Yes[1]	Dominant	44%	Y[4]		Other Method
GB	213800CA73DJ24 XZ4O94GB00002	Specific code	Standard Life Investments UK Real Estate Trust - Standard Life Investments UK Real Estate Income Feeder Fund	Other	Unit Trust	Non-mutual		1%	1%	1%	Yes[1]	Significant	1%	Y[4]		Other Method
JE	923M5RA2I1X3IO5 NGM14JE00006	Specific code	Standard Life Investments UK Retail Park Trust	Other	Unit Trust	Non-mutual		57%	100%	57%	Yes[1]	Dominant	57%	Y[4]		Other Method
JE	ONN53RF43KDRF CB1J158JE00003	Specific code	Standard Life Investments UK Shopping Centre Feeder Fund Company Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
JE	923M5RA2I1X3IO5 NGM14JE00007	Specific code	Standard Life Investments UK Shopping Centre Trust	Other	Unit Trust	Non-mutual		47%	100%	47%	Yes[1]	Dominant	47%	Y[4]		Other Method
GB	549300HH5KCHF B2PI064	LEI	Standard Life Japan Trust	Other	Unit Trust	Non-mutual		75%	100%	75%	Yes[1]	Dominant	75%	Y[4]		Other Method
GB	549300CCUJ1BP6 N2ZJ02	LEI	Standard Life Lifetime Mortgages Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	923M5RA2I1X3IO5 NGM14GB00076	Specific code	Standard Life Master Trust Co. Ltd	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	549300V3RPDL6N YXXQ96	LEI	Standard Life Multi-Asset Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	549300NXR0AHS2 OB8865	LEI	Standard Life North American Trust	Other	Unit Trust	Non-mutual		84%	100%	84%	Yes[1]	Dominant	84%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300E1ZEF416 BQX185	LEI	Standard Life Oversea Holdings Limited	Insurance holding company as defined in Art. 212(1) (f) of Directive 2009/138/EC	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Full consolidation
GB	549300WXAPFM2 6C9IC70GB00001	Specific code	Standard Life Pacific Basin Trust	Other	Unit Trust	Non-mutual		96%	100%	96%	Yes[1]	Dominant	96%	Y[4]		Other Method
GB	549300KD05F31U EJVV51	LEI	Standard Life Pan-European Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	RZJMLXIELM2LIX 763187	LEI	Standard Life Pension Funds Limited	Life insurance undertaking	Company limited by guarantee	Non-mutual	Prudential Regulatory Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Full consolidation
GB	0TMBS544NMO7G LCE7H90	LEI	Standard Life PLC	Insurance holding company as defined in Art. 212(1) (f) of Directive 2009/138/EC	Public limited company	Non-mutual								Y[4]		Method 1: Full consolidation
GB	Y8L15CMQSLZQZ 1074Q31	LEI	Standard Life Portfolio Investments Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	0TMBS544NMO7G LCE7H90GB00022	Specific Code	Standard Life Premises Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Full consolidation
GB	923M5RA2I1X3IO5 NGM14GB00035	Specific code	Standard Life Property Company Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	549300R6JDOZTO UPKM60	LEI	Standard Life Savings Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	549300R6JDOZTO UPKM60GB00001	Specific code	Standard Life Savings Nominees Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence: % capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: Y/N	Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300GTXIX56BJ FR736	LEI	Standard Life Short Dated UK Government Bond Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	549300O5J6AGOJ ZEJ475	LEI	Standard Life Strategic Investment Allocation Fund	Other	Unit Trust	Non-mutual		<0.01%	<0.01%	<0.01%	Yes[1]	Significant	<0.01%	Y[4]		Other Method
GB	213800BKB33U8U 4K4M34	LEI	Standard Life Trustee Company Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	549300IWURTTO R0B5L22	LEI	Standard Life UK Corporate Bond Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	549300WXAPFM2 6C9IC70GB00002	Specific code	Standard Life UK Equity General Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	549300EMFE000T Q5QC17	LEI	Standard Life UK Government Bond Trust	Other	Unit Trust	Non-mutual		100%	100%	100%	Yes[1]	Dominant	100%	Y[4]		Other Method
GB	213800UUKA68SH SJBE37	LEI	Standard Life UK Smaller Companies Trust plc	Other	Public Limited Company	Non-mutual		6%	6%	6%	Yes[1]	Significant	6%	Y[4]		Other Method
JE	5493006SPX6SO7 EJ6B87JE00002	Specific Code	Standard Life Wealth (CI) Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Jersey Financial Services Commission	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	5493000N3SRK6H SOR318	LEI	Standard Life Wealth Balanced Bridge Fund	Other	Unit Trust	Non-mutual		<0.01%	<0.01%	<0.01%	Yes[1]	Significant	<0.01%	Y[4]		Other Method
GB	5493009OV0IARH X1G279	LEI	Standard Life Wealth Bridge Fund	Other	Unit Trust	Non-mutual		<0.01%	<0.01%	<0.01%	Yes[1]	Significant	<0.01%	Y[4]		Other Method
GB	54930053MZHLM1 F8IG66	LEI	Standard Life Wealth Falcon Fund	Other	Unit Trust	Non-mutual		<0.01%	<0.01%	<0.01%	Yes[1]	Significant	<0.01%	Y[4]		Other Method
JE	5493006SPX6SO7 EJ6B87JE00001	Specific Code	Standard Life Wealth International Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Jersey Financial Services Commission	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	5493006SPX6SO7 EJ6B87	LEI	Standard Life Wealth Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	549300407T40O16 5RB54	LEI	Standard Life Wealth Phoenix Fund	Other	Unit Trust	Non-mutual		<0.01%	<0.01%	<0.01%	Yes[1]	Significant	<0.01%	Y[4]		Other Method
FI	923M5RA2I1X3IO5 NGM14FI00002	Specific Code	Suomi Gas Distribution Holdings Oy	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
FI	923M5RA2I1X3IO5 NGM14FI00003	Specific Code	Suomi Gas Distribution Oy	Other	Company limited by shares	Non-mutual		35%	35%	35%	None	Significant	35%	Y[4]		Other Method
LU	549300NR5XU4V9 M57E06LU00003	Specific code	Telles Holding S.à r.l.	Other	Company limited by shares	Non-mutual		60%	100%	60%	None	Dominant	60%	Y[4]		Other Method
GB	21380089YAVOU7 65US98	LEI	Tenet Group Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	213800Q2URHZP C181H78	LEI	TenetConnect Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	213800YJRT3I88M TVZ07	LEI	TenetConnect Services Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	2138008Z5VL5I7S QHW27	LEI	TenetLime Limited	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	213800P46W22M DXEUS40	LEI	TenetFinancial Solutions Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	213800XT7PBSC4 U42O44	LEI	TenetSelect Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Y/N	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800LDHNCD94 HYTO39GB00001	Specific code	Tenet Valuation Services Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	2138007VNE6HST 7YCR60	LEI	Tenet Business Solutions Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	213800K81TDSHG 5NZQ52	LEI	Tenet Client Services Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	213800LDHNCD94 HYTO39	LEI	Tenet Limited	Other	Company limited by shares	Non-mutual		25%	25%	25%	None	Significant	25%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00013	Specific code	The Coaching Platform Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	213800K81TDSHG 5NZQ52GB00002	Specific code	The Employee Benefits Corporation Limited	Other	Company limited by shares	Non-mutual		20%	20%	20%	None	Significant	20%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00001	Specific code	The Heritable Securities and Mortgage Investment Association Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	549300UOEXX7B O5XTM93	LEI	The Munro Partnership Ltd.	Credit institutions, investment firms and financial institutions	Company limited by shares	Non-mutual	Financial Conduct Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Sectoral rules
GB	54930087CQKBL0 8FJ262	LEI	The Standard Life Assurance Company 2006	Life insurance undertaking	Unregistered company	Mutual	Prudential Regulatory Authority	100%	100%	100%	None	Dominant	100%	Y[4]		Method 1: Full consolidation
NL	923M5RA2I1X3IO5 NGM14NL00001	Specific Code	The Standard Life Assurance Company of Europe (Nederland) BV	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00021	Specific code	Threesixty Partnerships Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00004	Specific Code	Threesixty Services LLP	Other	Limited liability partnership	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

Country	Identification code of the undertaking	Type of code of the ID of the under-taking	Legal name of the undertaking	Type of under-taking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of accounting consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: Y/N	Inclusion in the scope of group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	0TMBS544NMO7G LCE7H90GB00003	Specific Code	Threesixty Support LLP	Other	Limited liability partnership	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GG	0TMBS544NMO7G LCE7H90GG00001	Specific Code	Touchstone Insurance Company Limited	Non life insurance undertaking	Company limited by shares	Non-mutual	Guernsey Financial Services Commission	100%	100%	100%	None	Dominant	100%	N[5]	2015-11-18	No inclusion in the scope of group supervision as defined in Art. 214 Directive 2009/138/EC
GB	0TMBS544NMO7G LCE7H90GB00024	Specific Code	Vebnet (Holdings) Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	0TMBS544NMO7G LCE7H90GB00019	Specific Code	Vebnet Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00028	Specific Code	Welbrent Property Investment Company Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method
GB	923M5RA2I1X3IO5 NGM14GB00006	Specific code	Whiteleys of Bayswater Limited	Other	Company limited by shares	Non-mutual		100%	100%	100%	None	Dominant	100%	Y[4]		Other Method

C0210 footnotes:

1 Contractual agreements
2 Significant influence based on voting share and IAS 28 criteria.
3 Joint control as per joint venture agreement.

C0240 footnotes:

4 Included in scope of group supervision.
5 Not included in the scope (article 214 (b)).

Glossary

Annuity
A periodic payment made for an agreed period of time (usually up to the death of the recipient) in return for a cash sum. The cash sum can be paid as one amount or as a series of premiums. If the annuity commences immediately after the payment of the sum, it is called an immediate annuity. If it commences at some future date, it is called a deferred annuity.

Asset share
The asset share of a policy is the accumulation of premiums (less any amounts in respect of withdrawals) at the investment returns on the with profits assets, less deductions for expenses and charges (including any deductions for guarantees or contributions to the capital of the HWPF), tax and any other experience adjustments.

Assumptions
Variables, which can be economic or non-economic in nature, used in actuarial models to project expected policy cash flows.

Availability
The availability of own funds relates to the ability of capital resources located in one undertaking of the Group to offset losses that arise in another Group undertaking.

Best estimate liability
The part of technical provisions representing a probability weighted average of future cash flows, taking account of the time value of money, using an appropriate risk-free interest rate term structure. The calculation is based upon realistic assumptions, using appropriate actuarial and statistical methods and taking account of all future cash inflows and outflows required to settle the insurance obligations.

Board
The Board of Directors of the Company.

Burnthrough
According to the Scheme of Demutualisation, in certain circumstances the HWPF may withhold transfers to shareholders and requires that, in extremis, shareholders contribute additional assets if the fund is unable to meet its obligations to policyholders. This is known as burnthrough.

Capital resources
Capital resources include the assets in excess of liabilities, valued on a regulatory basis, and certain other components of capital.

Company
Standard Life plc.

Contract boundary
The boundary of an insurance contract (or reinsurance contract) defines the cash flows which must be taken into account when calculating the technical provision in respect of that contract.

Conventional with profits (CWP)
A form of with profits contract where the benefit is expressed in terms of sum assured, regular (or reversionary) bonuses and final (or terminal) bonus.

Cost of guarantees (COG)
This is the expected cost of providing investment guarantees (e.g. guaranteed minimum level of unit growth) to with profits policyholders. A guarantee has a cost if the guaranteed amount is greater than the payout (which is generally based on asset share) would otherwise have been.

Deterministic model
An actuarial projection model in which the input variables are defined in terms of a single best estimate value leading to a point estimate of the value of future cash flows. In comparison, stochastic models use a range of input variables (e.g. future investment returns) in the form of probability distributions leading to a number of modelled outcomes.

Director
A director of the Company.

Discounting
This is the process of reducing a future cash flow back to present value terms, by way of an assumed future interest (discount) rate.

Economic assumptions
Assumptions in relation to future interest rates, investment returns, inflation and tax.

Economic scenario generator (ESG)
An ESG generates a large number of economic scenarios which are used to value insurance liabilities.

EIOPA
European Insurance and Occupational Pensions Authority.

Estate or Residual estate
The excess of assets available to the with profits fund over the value of liabilities.

Executive team
Responsible for the day-to-day running of the business and comprised at 31 December 2016; Chief Executive, Chief Executive – Life Insurance, Chief Executive – Pensions and Savings, Chief Financial Officer, Chief Investment Officer, Chief Operating Officer, Chief People Officer, Chief Risk Officer, General Counsel and the Global Client Director.

External fund links (EFL)
These are unit-linked fund options on Standard Life products, where the funds are not managed by Standard Life.

FCA
Financial Conduct Authority.

German With Profits Fund (GWPF)
This fund contains the investment element of the post-demutualisation German with profits business written in the Proprietary Business Fund (PBF).

Group, Standard Life Group or Standard Life
Prior to demutualisation on 10 July 2006, SLAC and its subsidiaries and, from demutualisation on 10 July 2006, the Company and its subsidiaries.

Growth channels
We aim to drive the increase in our assets, revenue and profit via our growth channels. This comprises Standard Life Investments Institutional and Wholesale, UK Workplace and Retail, Europe (excluding Germany with profits), Standard Life Asia, Standard Life Wealth and Ignis.

Guaranteed benefits
Any minimum benefits guaranteed to be paid on dates or events specified under the relevant policy.

Heritage With Profits Fund (HWPF)
This fund contains most of the business written by Standard Life before demutualisation.

Implied volatility
Reflects the financial market's view of the probabilities of a range of future market scenarios. It is a key assumption in a market consistent valuation.

Large fund discounts
The practice of reducing the effective annual management charge applied to a policy depending on the size of the unit fund.

Maintenance expenses
Expenses relating to the ongoing maintenance of business. This would include customer service costs, for example.

Market consistency
A market consistent value is the market value if the instrument is readily traded. In the context of liabilities, a market consistent value is a valuation that is consistent with the prices of assets with similar characteristics to those liabilities. For liability cash flows with option-like features e.g. guarantees, these values should be consistent with market option prices.

Matching adjustment
An adjustment to the risk free yield used to calculate the best estimate to reflect where long–term liabilities are backed by assets which closely match the cash flows, where these assets have yields in excess of risk free and the assets are expected to be held long term.

Mature book/business
Mature books are expected to provide a stable and consistent contribution to profit. This includes UK mature Retail, Standard Life Investments Strategic Partner Life books and spread/risk based business. It also includes the with profits business in Germany which closed to new business in April 2015.

Minimum capital requirement (MCR)
The MCR represents an absolute floor to the level of eligible own funds that the insurance undertaking is required to hold under Solvency II. For Groups, this is referred to as the minimum consolidated Group SCR.

Non-economic assumptions
Assumptions in relation to future expenses and future lapse, withdrawal, retirement, mortality and morbidity rates.

Own funds
Under Solvency II, the capital resources available to meet solvency capital requirements are called own funds.

Option (insurance policy feature)
A benefit feature of an insurance contract that may be selected at the discretion of the policyholder e.g. right to convert a maturity value into an income for life at guaranteed terms.

PRA
Prudential Regulation Authority.

Present value of future shareholder transfers (PVST)
A balance sheet liability to transfer the profits arising from the PVIF of some business to shareholders when it has arisen. The products this relates to were specified in the Scheme of Demutualisation. It is largely unitised with profits and unit-linked business (so excludes immediate annuities and conventional with profits business).

Present value of in-force business (PVIF)
The expected future profits (usually excess of charges over expenses) on existing business.

Principles and Practices of Financial Management
Public document that sets out the basis on which with profits business will be managed.

Quantitative Reporting Template (QRT)
Templates used for the supervisory reporting and public disclosure of quantitative data under Solvency II.

Reinsurance
Process whereby one entity takes on all or part of the risk covered under a policy issued by an insurance company in return for a premium payment.

Ring-fenced funds
Ring-fenced funds are arrangements as a result of which certain items of own funds have a reduced capacity to fully absorb losses on a going concern basis due to their lack of transferability within the undertaking.

Risk margin
The part of technical provisions in addition to the best estimate liability required to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

Scheme of Demutualisation or the Scheme
The scheme pursuant to Part VII of, and Schedule 12 to, the Financial Services and Markets Act 2000, under which substantially all of the long-term business of SLAC was transferred to Standard Life Assurance Limited on 10 July 2006.

SLAC
The Standard Life Assurance Company (renamed The Standard Life Assurance Company 2006 on 10 July 2006).

SLAL
Standard Life Assurance Limited.

SL Intl
Standard Life International Designated Activity Company.

Smoothing
The practice of smoothing can help to reduce the effects of fluctuations in investment returns on with profits payouts. SLAL aims to operate smoothing of payouts in such a way as to be neutral for with profits policyholders as a whole over time. This practice can lead to a balance sheet smoothing cost where it is expected that past smoothing losses cannot be recovered due to guarantees biting.

Solvency II Directive
Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

Solvency capital requirement (SCR)
The economic capital to be held by an insurer in order to ensure that it will still be in a position to meet their obligations to policyholders over the following 12 months, with a probability of at least 99.5% (i.e. limit probability of failure to less than 1 in 200 years).

Spread/risk business
Spread/risk business mainly comprises products where we provide a guaranteed level of income for our customers in return for an investment, for example, annuities. The 'spread' referred to in the title primarily relates to the difference between the guaranteed amount we pay to customers and the actual return on the assets over the period of the contract.

Stochastic modelling
An actuarial projection model in which the input variables (e.g. future investment returns) are defined in terms of a range of values in the form of probability distributions, reflecting the volatility of those variables. This leads to a range of modelled outcomes. This approach is useful when a policy provides a guarantee e.g. a minimum rate of investment return. A deterministic model would not allow for the volatility of future investment returns and hence is a less appropriate way of estimating the cost of providing the guarantee.

Technical provisions
The value attributed to future insurance obligations determined in line with Solvency II regulations, comprising a best estimate liability plus risk margin.

Technical provisions as a whole
The best estimate and the risk margin are typically calculated separately. Where the future cash flows can be replicated reliably using financial instruments for which a reliable market value is observable (such as unit-linked fund values) then the value of technical provisions equals the market value of those financial instruments ('technical provisions as a whole').

Unit-linked
Unit-linked refers to a proposition or fund where the customer will buy ‘units’ of the fund. The value of a unit changes based on the performance of underlying assets, and the number of units in the fund will change depending on the size of the fund.

Unit-linked policy
A policy where the benefits are determined by reference to the investment performance of a specified pool of assets referred to as the unit-linked fund.

Unitised with profits (UWP)
A form of with profit contract where the benefit is expressed in terms of a unit fund (with a guaranteed minimum level of growth), and a final (or terminal) bonus.

Vintage units
A vintage unit method is used in practice for calculating terminal bonus rates on policyholder payouts in respect of UWP pensions business. Regular premium policies are effectively considered as if they were a series of single premium policies, with a terminal bonus rate being calculated separately for each year of payment. The same terminal bonus rates are used for regular and single premium policies, and the terminal bonus rate cannot be negative.

Volatility adjustment
An adjustment made to the liquid part of the risk free interest rate in order to reduce the impact of short term market volatility on the balance sheet.

With profits policy
A policy where, in addition to guaranteed benefits specified in the policy, additional bonuses may also be payable.