

Full year results 2013

Strong market positions delivering growth in assets,
revenue and returns

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Chief Executive

Standard Life 

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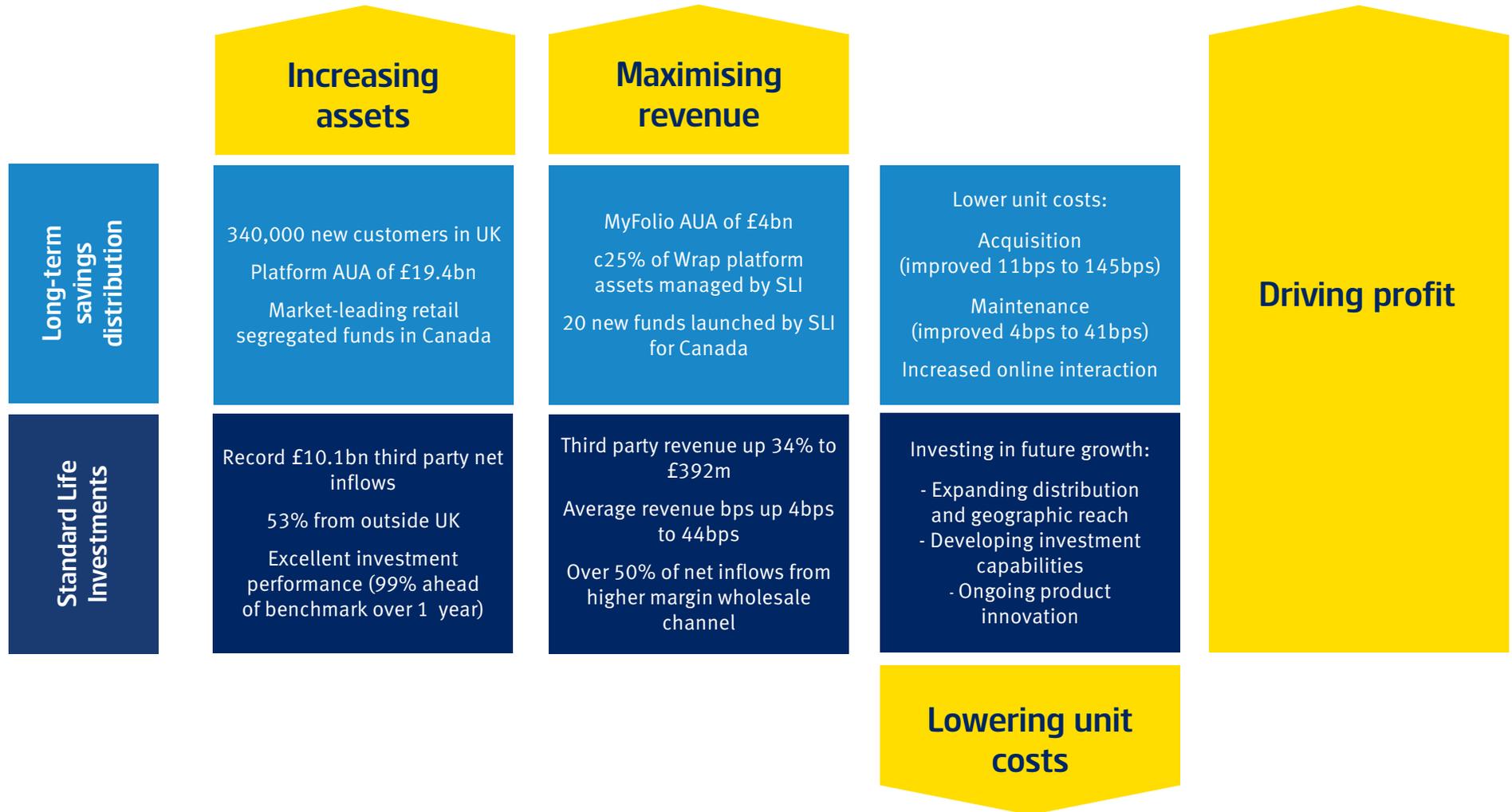
Strong market positions delivering growth in assets, revenue and returns

- Attracting more customers and clients
- Leveraging the expertise of Standard Life Investments
- Significant operational leverage
- Supportive structural trends and leading positions in fast growing markets
- Strong balance sheet
- Strong cash generation supports our progressive dividend policy

Distribution capability accelerating asset growth

	Total £244bn	UK and Europe £202bn	North America £35bn	Asia £8bn
Long-term savings distribution		Standard Life UK Multi-channel including retail, corporate and direct Germany and Ireland	Standard Life Canada Retail Canada Corporate	Standard Life Hong Kong Singapore Dubai JVs HDFC Life Heng An SL
Standard Life Investments		Strategic relationships Expanded client offering Global reach	John Hancock, HDFC, Sumitomo Mitsui Multi-asset, global, emerging markets, real estate, wealth Edinburgh, London, Montreal, Boston, Hong Kong, HDFC AMC	

2013 operational highlights



2013 financial highlights

Financial highlights

	2013	2012 ¹
Assets and flows		
Assets under administration	£244.2bn	£218.1bn
Standard Life Investments third party AUM	£97.4bn	£83.0bn
Group AUA net inflows	£9.6bn	£5.0bn
Profitability		
Fee based revenue	£1,459m	£1,271m
Underlying Group performance	£638m	£534m
Operating profit before tax	£751m	£867m
Cash and dividends		
Underlying Group cash ² generation	£497m	£454m
Cash ² generation after tax	£582m	£701m
Dividend – interim and final 15.80p (2012: 14.70p)	£375m	£345m

1. Comparatives have been restated to reflect an amendment to IAS19 *Employee Benefits*

2. EEV operating capital and cash generation

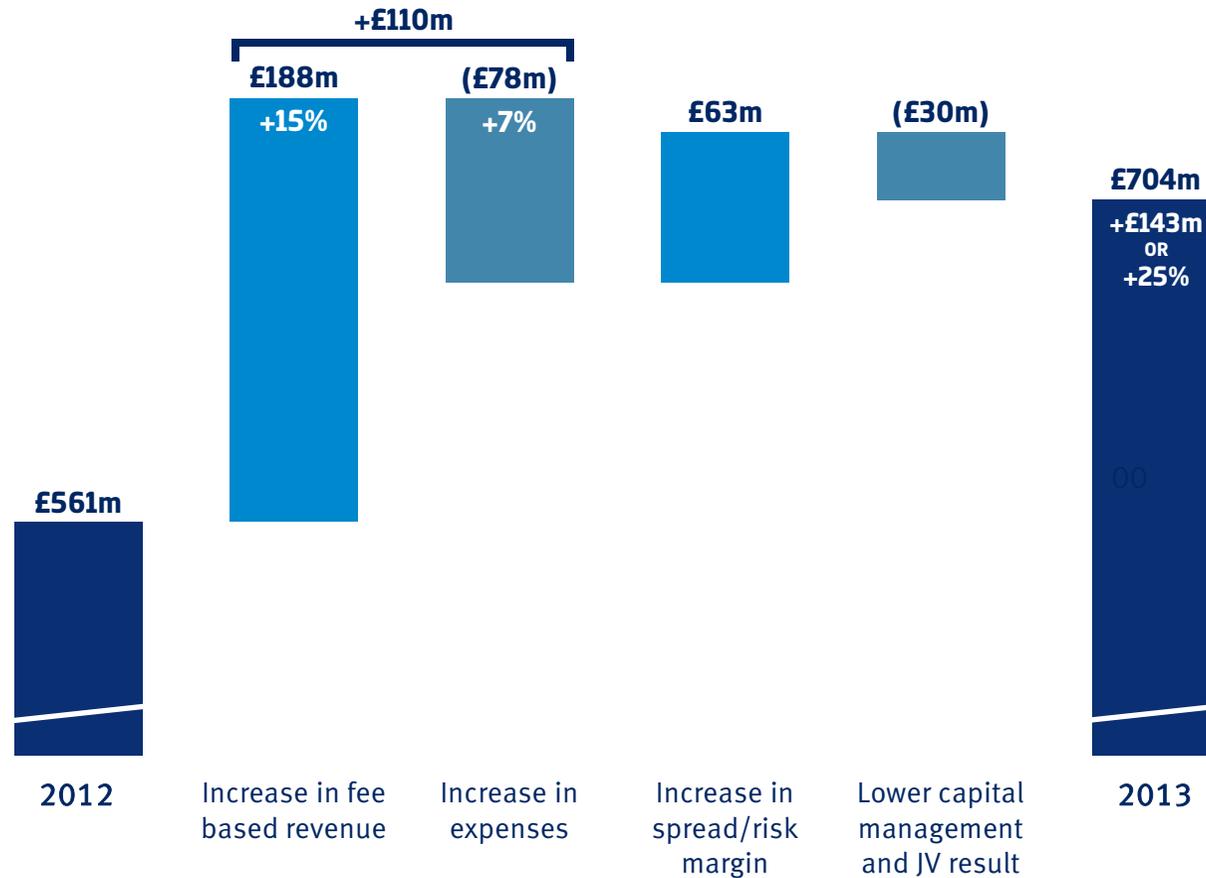
Group operating profit

Group operating profit before tax

	2013	2012 ¹	
	£m	£m	
Business unit underlying performance	704	561	+25%
Group centre costs	(53)	(50)	
Group centre capital management	(13)	23	
Group underlying performance	638	534	+19%
UK professional indemnity insurance claim	-	96	
Operating assumption and one-off reserving changes (spread/risk margin)	68	84	
Canada specific management actions	45	153	
	113	333	
Group operating profit before tax	751	867	

1. Comparatives have been restated to reflect an amendment to IAS19 *Employee Benefits*

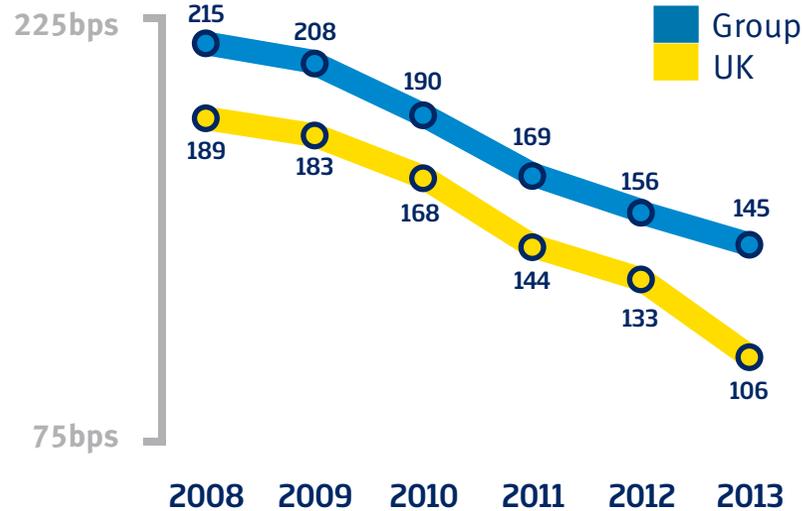
Revenue growth and cost control driving performance



Business unit underlying performance up 25%

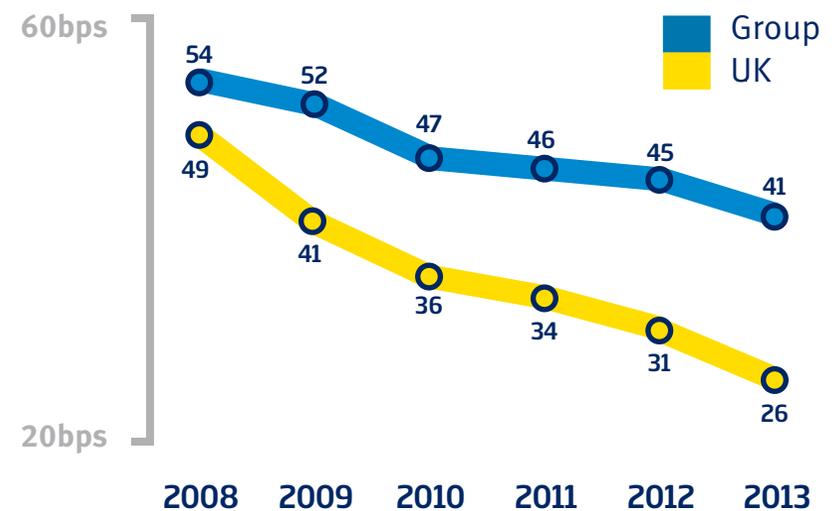
Lower unit costs with scope for further improvements

Acquisition expense bps¹



- Further significant reduction in UK acquisition unit costs
- Acquisition expenses are largely fixed and very scalable

Maintenance expense bps²



- Platform propositions with industrial strength
- Focus on productivity and improving efficiency
- Scope for ongoing improvements

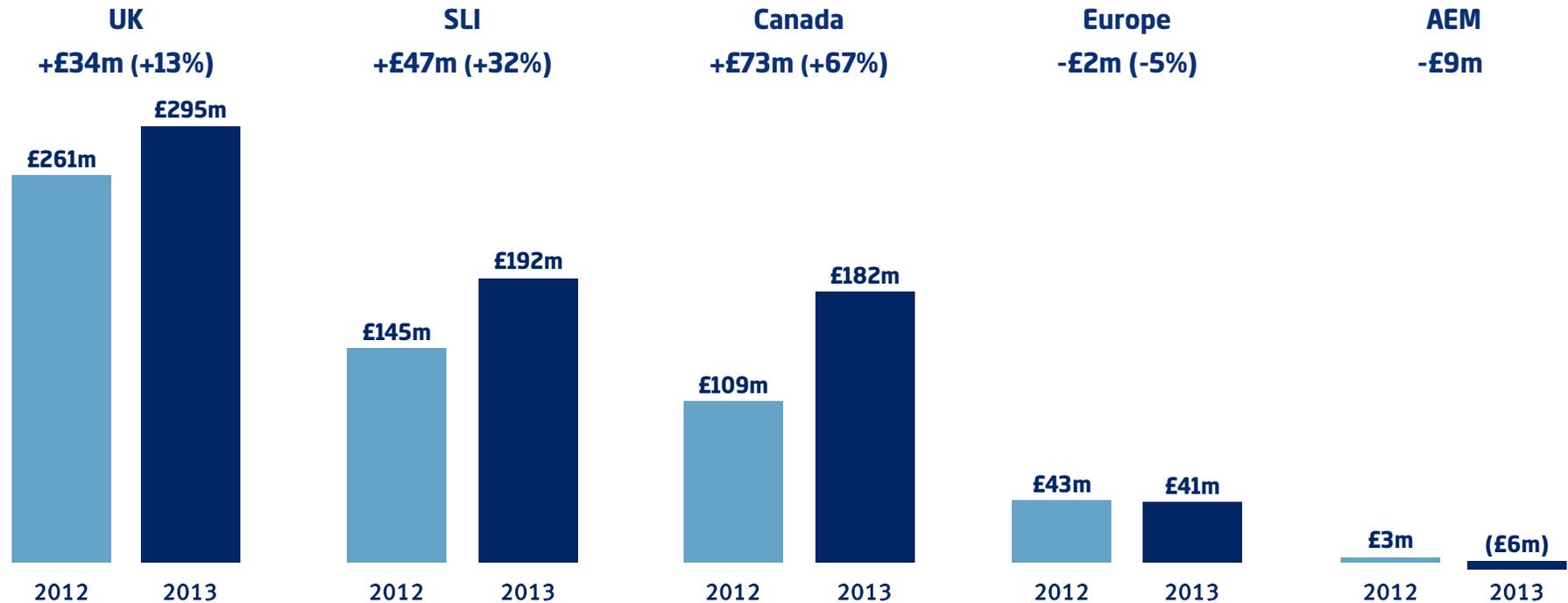
1. Acquisition expenses / PVNBP (excluding JV PVNBP)

2. Maintenance expenses / average AUA

Business unit review

Standard Life 

Business underlying performance up 25% to £704m



Continuing strong growth from the UK business

	2013 £m	2012 ¹ £m
Fee based revenue	727	667
Spread/risk margin	114	113
Total income	841	780
Acquisition expenses	(181)	(174)
Maintenance expenses	(182)	(201)
Investment management fees to SLI	(186)	(155)
Capital management	3	11
Business underlying performance	295	261

- **Increasing assets** with fee AUA² up 19% to £101.3bn
- **9% increase in fee based revenue**
- Expected reduction in revenue margins more than offset by **lower unit costs**
- **Maintenance expenses³ reduced** by 9%
- Growing investment management fees retained by SLI
- Capital management reflects lower yields on debt securities and lower surplus assets

Corporate net inflows



Retail new net inflows



Corporate and retail new AUA



Fee revenue bps



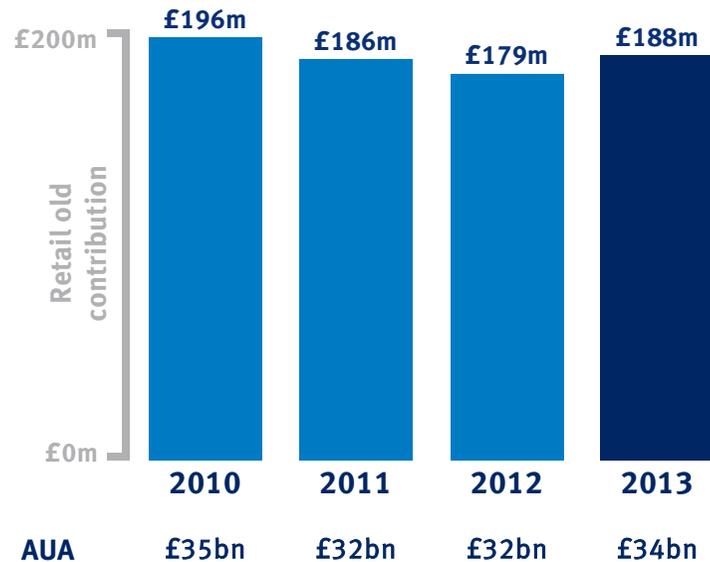
Maintenance bps



1. Comparatives have been restated to reflect an amendment to IAS19 *Employee Benefits*
2. UK retail and corporate fee based business
3. Excluding investment management fees payable to Standard Life Investments

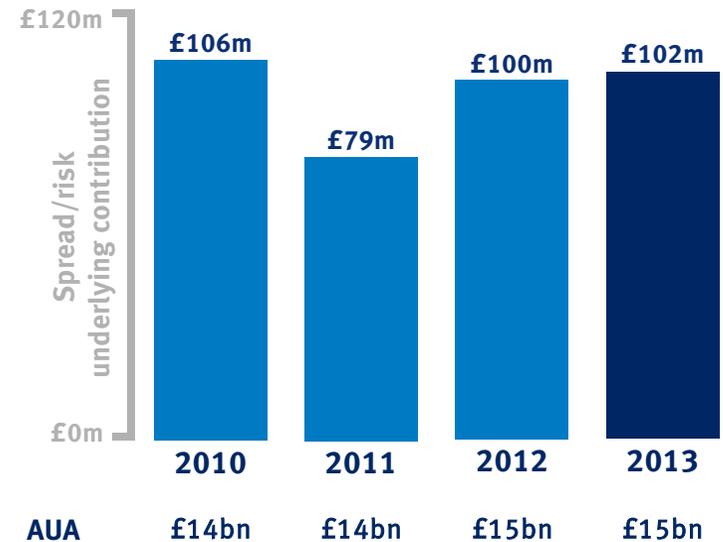
Sustained contribution from back book and annuities

Stable profit contribution from older propositions



- Contribution benefiting from ongoing improvements in efficiency
- Assets benefit from increments, market movements, retention activity and transfer in of corporate customers
- Provides a steady flow of business into retail new propositions and annuities

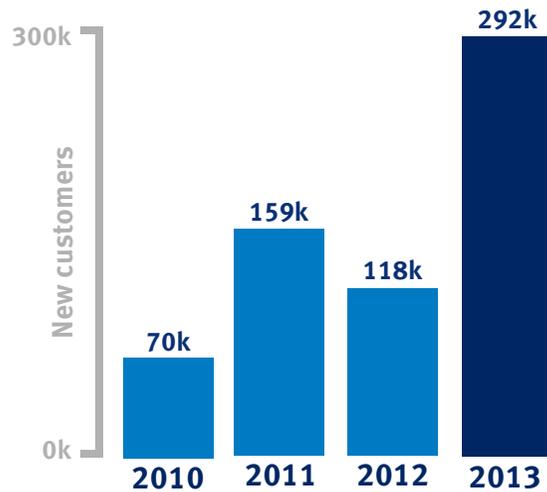
Stable underlying spread/risk



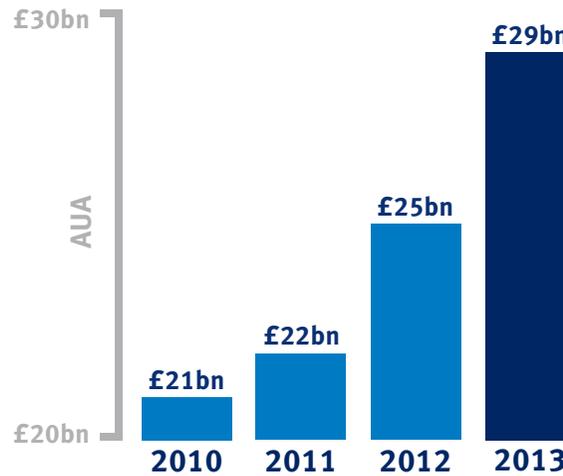
- Customer-centric retirement process encourages customers to shop around – 70% choose OMO
- Around a quarter of our customers take an annuity pot of less than £5k

Strong growth in our corporate business

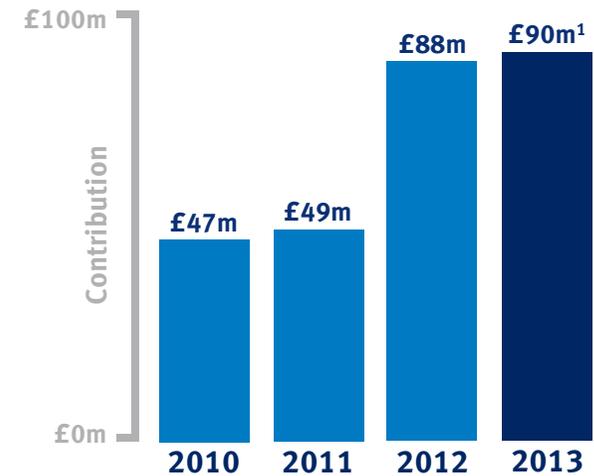
Growing customers



Increasing assets



Growing profit contribution

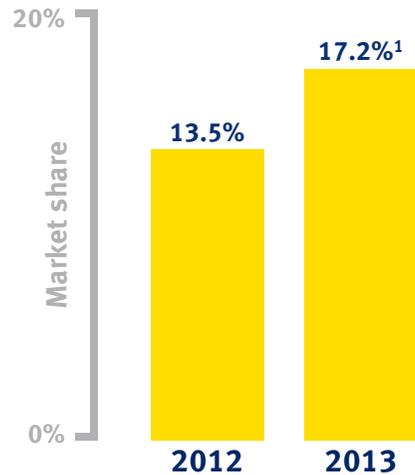


- Customer acquisition engine for UK business, accessing a younger customer demographic
- 292,000 new customers (220,000 from 290 AE implementations)
- Better than expected average contribution rate and opt-out rate (<10% of enrollees)
- Net inflows up £0.8bn to £2.0bn (2012: £1.2bn) even after impact of strong commission activity by competitors pre-RDR
- Includes strong net inflows of £1.1bn in Q4 (2012: £0.2bn)
- Good pipeline of business for 2014
- Extensive use of technology driving scalability and increasing capacity
- Growing contribution to our retail business as customers leave their employer
- Additional opportunity to secure margin through premium funds managed by SLI

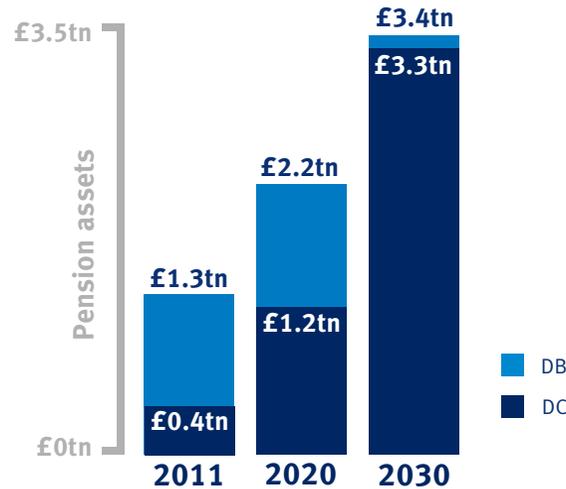
1. Excludes scheme leavers who were originally secured through the corporate channel and now providing a growing profit contribution to Retail Direct

Opportunities in the growing corporate market

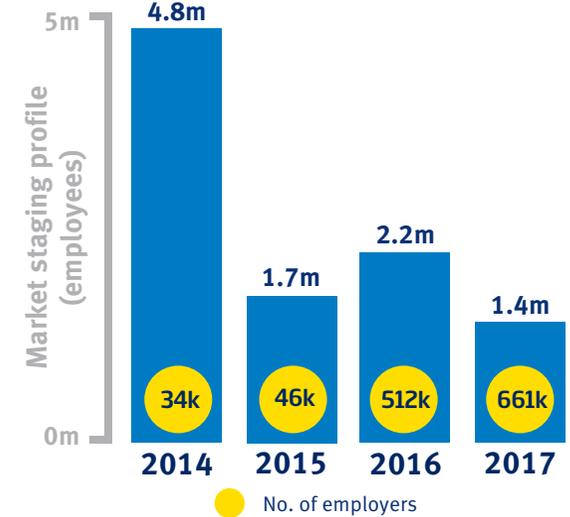
Growing market share



Growing DC market²



Auto enrolment (AE) is just beginning³



- Leading provider of DC pensions in the UK
- Provide benefits to around half of FTSE100 and over a third of FTSE350 companies
- End of commission opens up whole workplace market (including SMEs)

- Increasing DC pension coverage through AE and rising contributions
- DB schemes will continue to close to future accrual
- Move to bundled DC from expensive unbundled arrangements (currently c2/3 of DC assets are unbundled)

- We have proposition and distribution capability to capture the market
- Launch of “Good to Go” for SME market
- Agreements with 22 (and growing) SME strategic partners to provide AE solutions

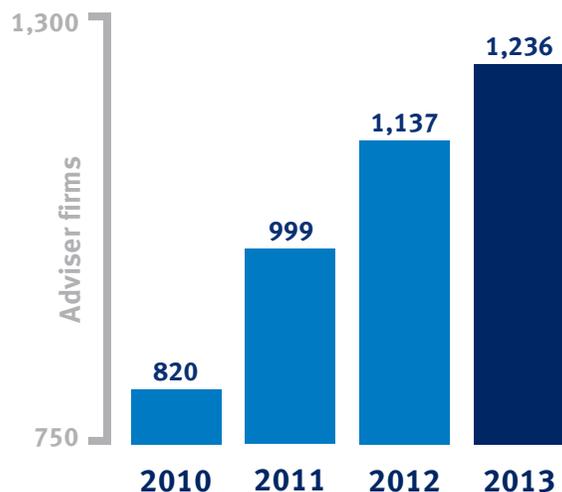
1. ABI, 9 months to 30 September 2013

2. Source: Oliver Wyman

3. Source: The Pensions Regulator

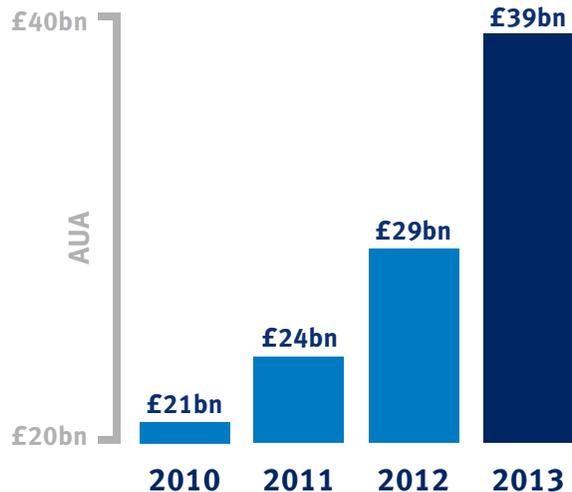
Retail business a winner in adviser market

Deepening relationships with more advisers



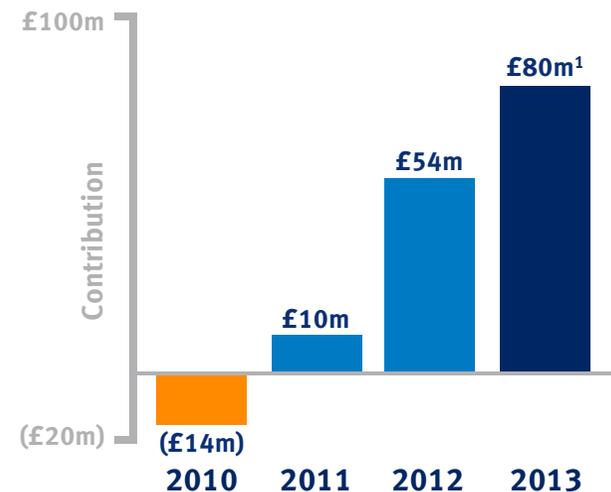
- Adviser firms on Wrap up 9% to 1,236
- Deeper relationships with the most successful advisers
- Firms with assets on Wrap over £20m up 41% to 228 firms

Increasing assets



- Benefiting from regulatory and market changes
- Platform AUA up 33% £19.4bn
- MyFolio AUA up 82% to £4.0bn
- Standard Life Wealth AUM now £5.8bn following acquisition of Newton Private Clients¹

Growing profit contribution

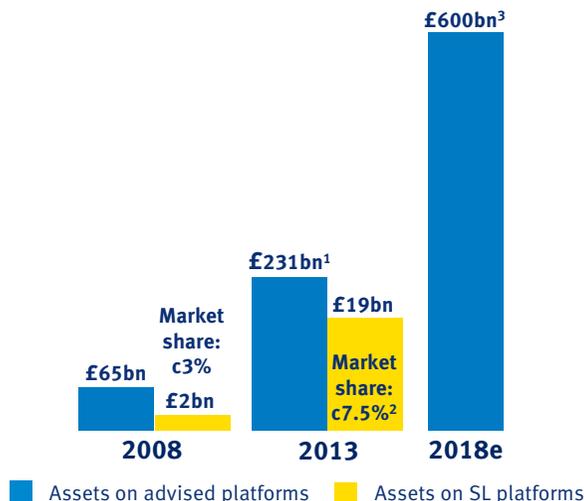


- Fund manager discounts support premium pricing
- Clear record of growth in profit
- Increasingly benefiting from transfer of customers originally secured through workplace
- Additional margin secured by SLI (manage c25% of platform AUA)

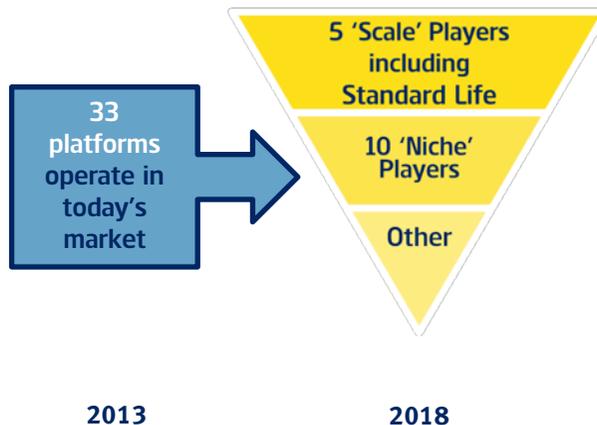
1. Standard Life Wealth will be reported within Standard Life Investments from 1 January 2014

Significant opportunities in the Retail market

Growing market and our market share



Concentration among fewer providers



Focused multi-channel approach



- Advisers are looking for more than third party administrators
- Full service wrap platforms are winning vs fund supermarkets
- Our advisers will be meeting clients – not managing regulatory change
- Only largest platform providers have scale required to succeed
- Requirement for ongoing investment in proposition
- Enabled by re-registration
- Enables customers to stay with us as they move between channels
- Sharing core infrastructure for further operational leverage
- Largely untapped potential in the direct space (currently c1 million direct customers)

1. Platform Platform Guide Q2 2013
 2. As at 30 September 2013
 3. Deloitte Recognising RDR Reality

Operational progress in Canada

	2013 £m	2012 ¹ £m
Fee based revenue	194	172
Spread/risk margin	285	221
Total income	479	393
Acquisition expenses	(76)	(79)
Maintenance expenses	(211)	(220)
Investment management fees to SLI	(23)	(20)
Capital management	13	35
Business underlying performance	182	109

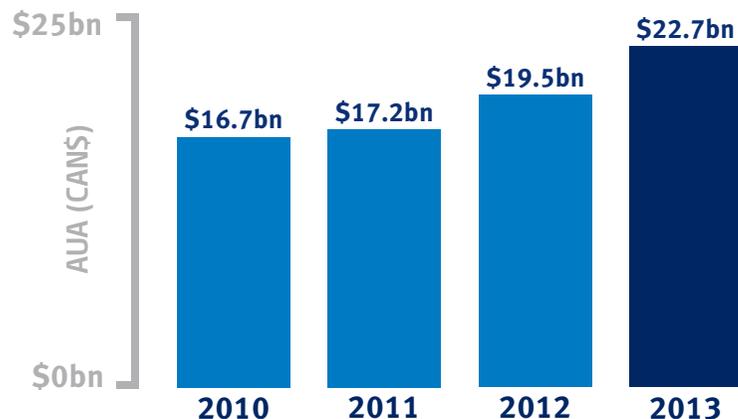
- **Growing revenues and managing expenses**
 - Fee AUA up 9% to £17.3bn
 - Revenue up 13% to £194m
 - Expenses down 3% to £310m
- **Increasing spread/risk margin by:**
 - Asset and liability management
 - Increase in expected inforce profits reflecting in part improving interest rate environment
 - Positive claims and investment experience changes
- **De-risking** in 2012 reflected in a lower capital management result



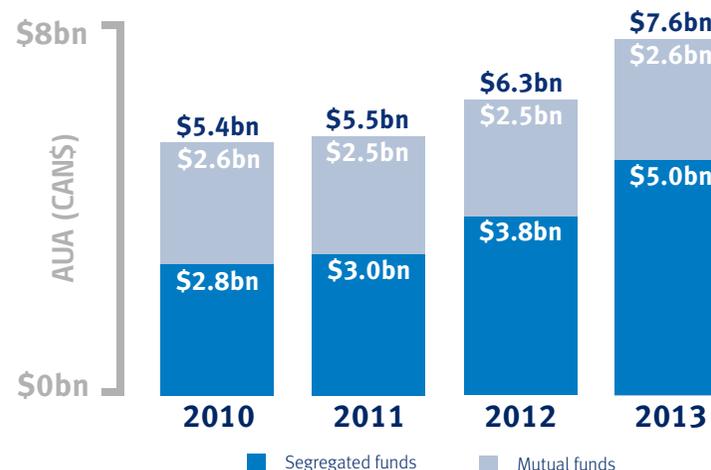
1. Comparatives have been restated to reflect an amendment to IAS19 *Employee Benefits*

Growing Corporate and Retail fee business in Canada

Corporate fee business



Retail fee business



Growing importance of workplace saving

- 4th largest player in corporate pensions with improving pipeline of corporate pension schemes
- Shift from DB to DC pension provision just beginning (96% of pension assets still in DB schemes)
- Pooled Registered Pension Plan (PRPP) legislation continues to roll out and offers additional opportunities

Building scale in our retail business

- Market-leading retail segregated funds with net flows excluding discontinued GLWB product up 65%
- Leveraging SLI global expertise in mutual funds to grow our share of this c\$1tn market, launching 7 new retail funds and 13 new corporate pensions funds
- Now on five of the top six Canadian banks' platforms

Strong flows and investment performance driving Standard Life Investments profit

	2013 £m	2012 £m
Fee based revenue	521	408
Expenses	(351)	(281)
Share of JVs and associates operating profit before tax	22	18
Operating profit	192	145

- **Strong third party net inflows** of £10.1bn (12% of opening AUM)
- **Third party revenue up** 34% to £392m (2012: £292m)
- **Operating profit up** 32%:
 - **Increased revenue margin** benefiting from product and channel mix
 - Investment in new propositions and capabilities
- **Expanding distribution** in Europe, US and Asia
- **'Focus on Change'** - excellent investment performance driving momentum

Third party AUM above benchmark



Third party AUM



Third party revenue bps

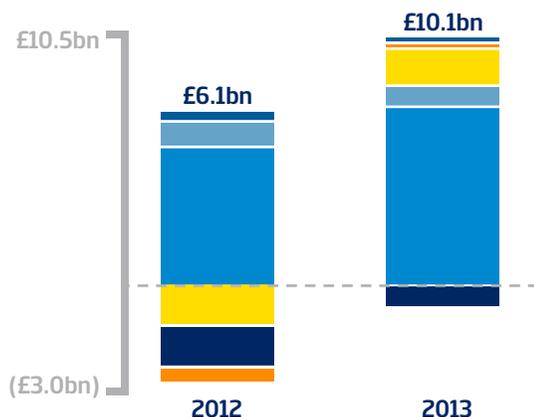


EBIT margin

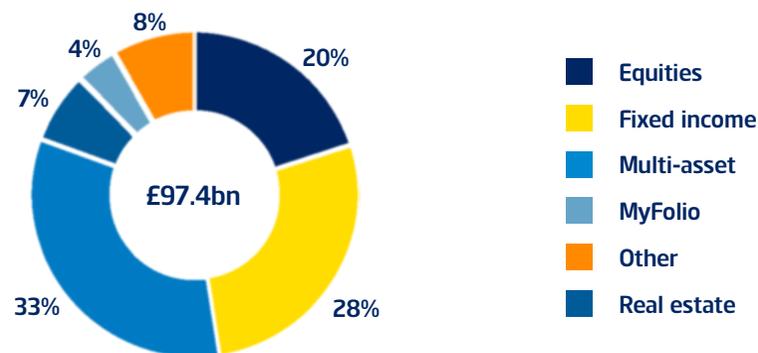


Standard Life Investments broad asset class diversity

Third party net flows by asset class



Third party AUM by asset class

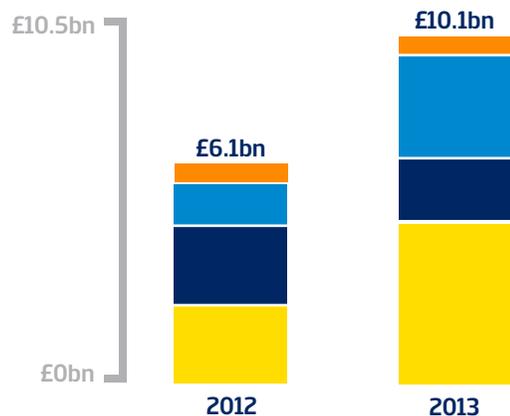


Strong and diverse inflows

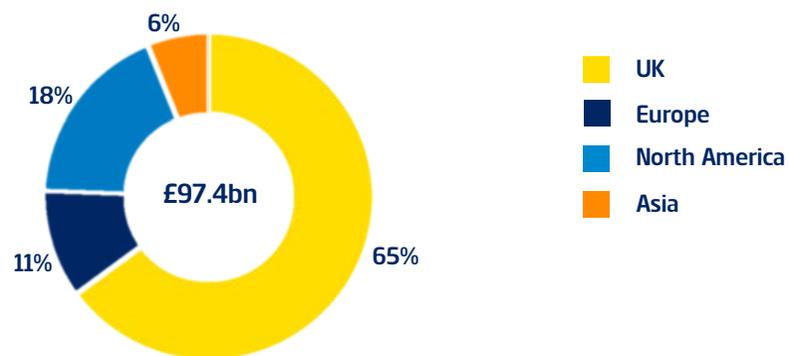
- Gross inflows of £22.8bn (2012: £17.5bn) with growth across most asset classes
- Amongst the best retention rates in the industry – redemptions of just 15% of opening AUM
- Strong equity inflows of £0.7bn (2012: outflows £0.3bn) in the higher margin wholesale channel
- Highest net sales across the UK wholesale industry in 2013

Standard Life Investments broadening geographic reach and distribution capability

Third party net flows by geography



Third party AUM by geography



Global growth

- Expansion in Boston and Hong Kong
- £5.3bn or 53% of net inflows from outside the UK
- Assets managed for John Hancock exceed US\$4.5bn
- Increased distribution capability in Asia Pacific with AUM up 45% to £1.8bn with net flows of £0.45bn

Diverse distribution capability

- Net inflows well balanced between wholesale (54%¹) and institutional (46%¹)
- UK and Europe institutional client base up 11% to 880 clients
- Wholesale channel now 33%¹ of third party AUM
- 5th largest UK provider of OEICs and UTs (2010: 18th)²

1. Excluding India cash funds

2. Source: Investment Management Association (IMA)

Innovating in response to changing client needs

Responding to
changing client
needs

Clients seeking
lower volatility

Increasing liability
awareness

Need for outcome
orientated solutions

Outcome orientated
solutions

- Launched **Enhanced-Diversification Growth Fund** for fast growing DC pension market
- Absolute return franchise extended with **Global Focused Strategies Fund**
- **MyFolio** range of funds now £4bn

Innovation in
traditional asset
classes

- New tax efficient **Property Authorised Investment Fund (PAIF)**
- Global Emerging Market Debt launches – **Local Currency Fund** and **Corporate Bond Fund**
- **US Monthly Income Fund** launched in Canada

Supporting
global growth

- Launched **John Hancock Global Conservative Absolute Return Fund**
- **20 fund launches for Canadian customers**
- GARS now available in **Nippon Individual Savings Accounts (NISA)** in Japan

Cash and capital

Standard Life 

Strong improvement in Group underlying performance



Group underlying performance before tax

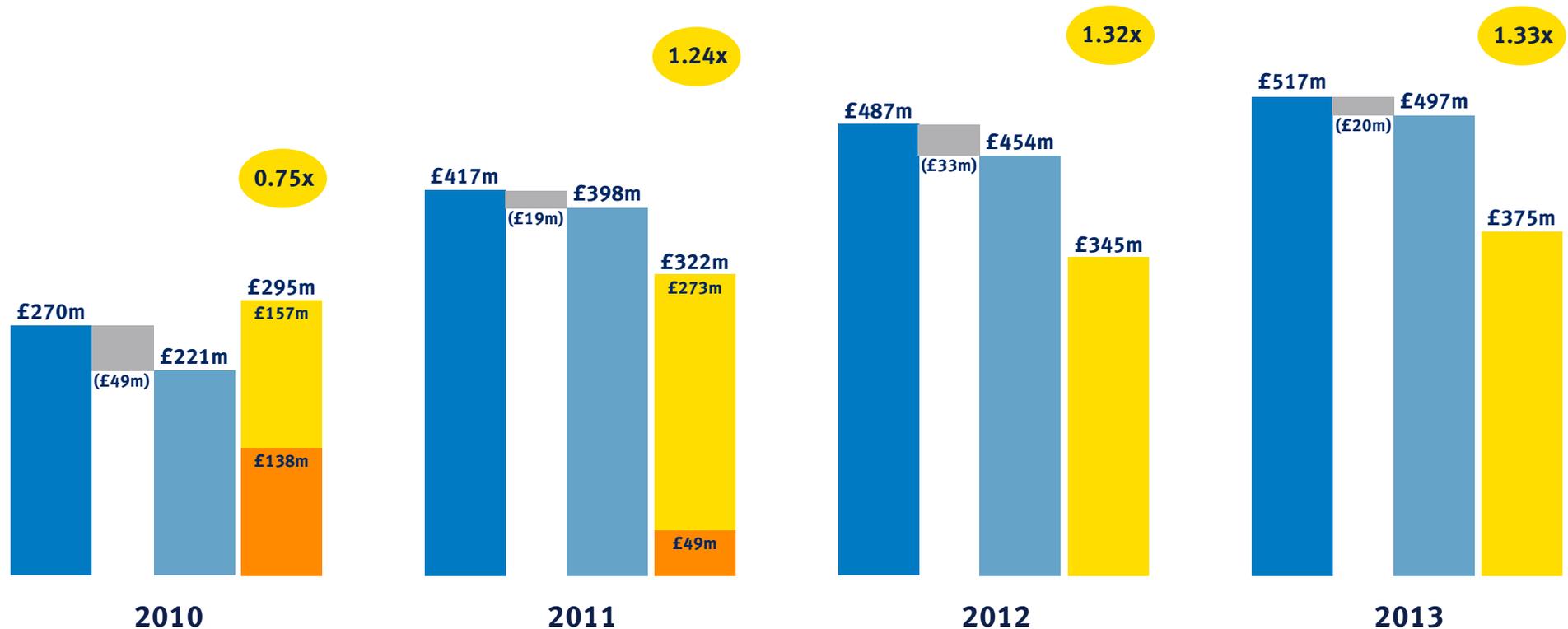


Tax on Group underlying performance



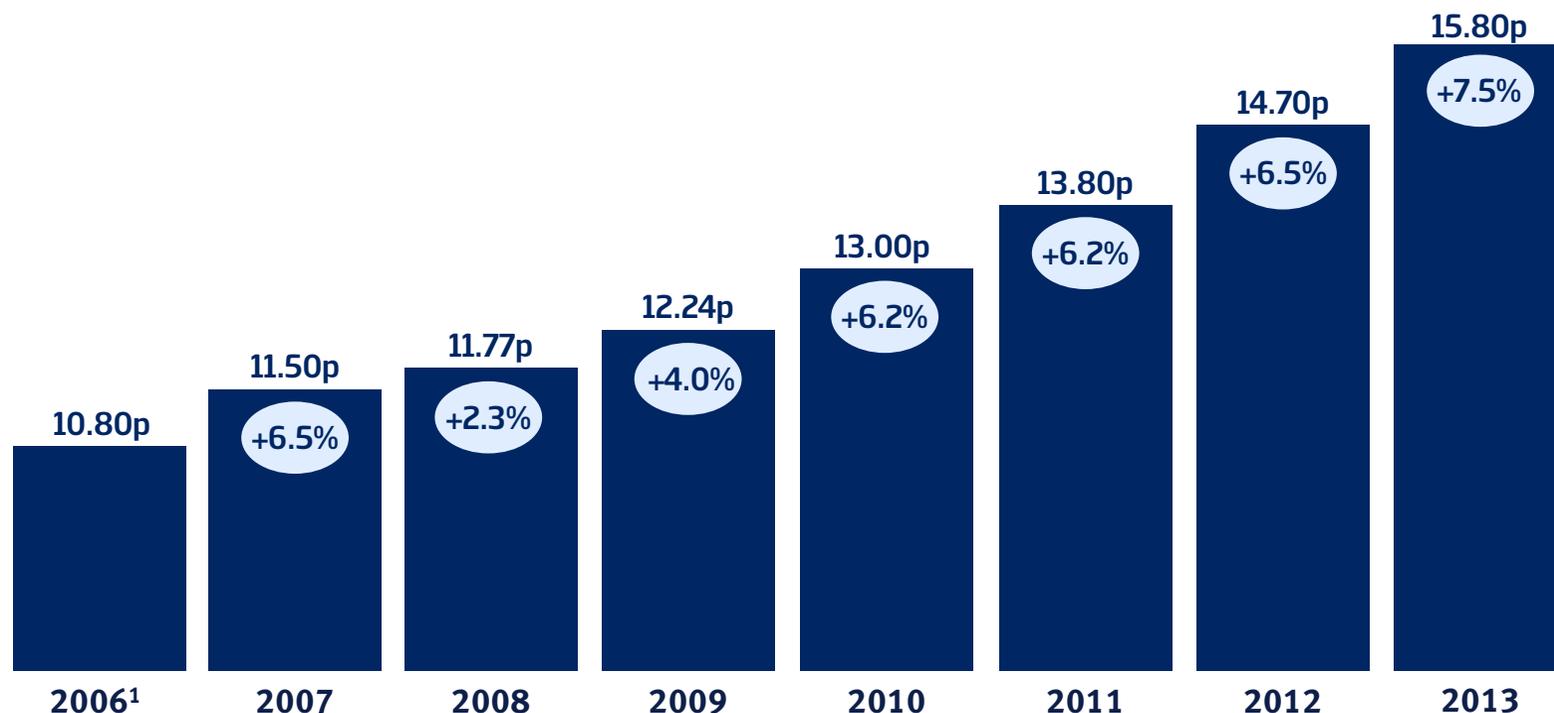
Group underlying performance after tax

Underlying cash generation up 125% since 2010 and dividend coverage increased



■ Group underlying performance after tax
 ■ IFRS to operating cash adjustments
 ■ Underlying cash generation
 ■ Cash dividend/dividend coverage
 ■ Scrip dividend

Final dividend up 8.0% to 10.58p



- Continuous dividend growth since IPO
- Focused on delivering a progressive dividend
- Special dividend of 12.80p paid in Q2 2013 (£302m)
- Strong capital position with IGD surplus of £3.8bn (2012: £4.1bn)

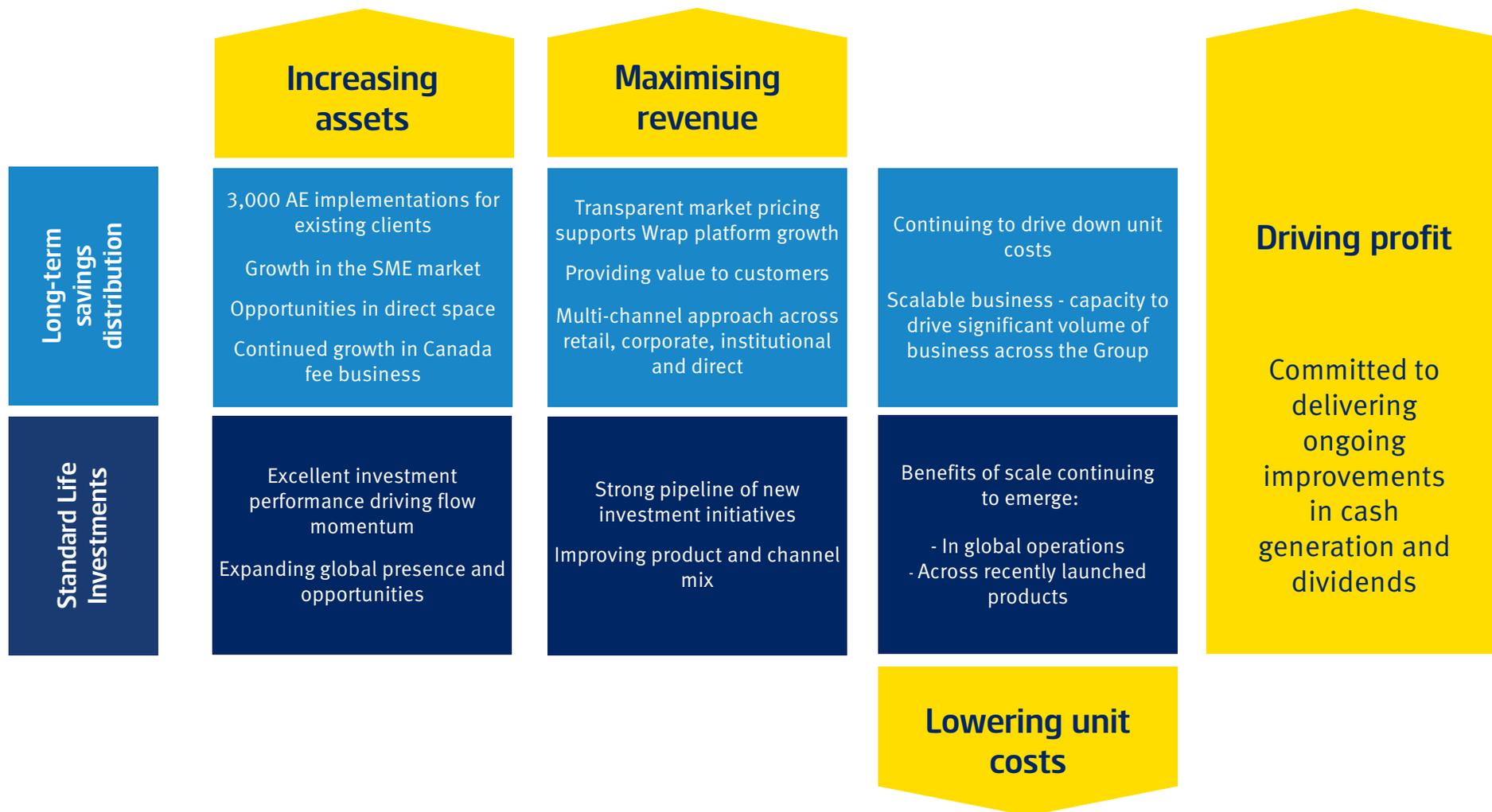
1. Implied interim and final dividends based on 5.40p dividend for period from demutualisation to 31 December 2006

Responding to industry issues and changing customer needs

- Track record of leading the way on transparency
- Clear focus on value for customers
- Innovative propositions to meet changing customer needs
- Well positioned regarding areas of UK regulatory focus

Delivering the right propositions and value for customers

Opportunities for 2014



Strong market positions delivering growth in assets, revenue and returns

- Attracting more customers and clients
- Leveraging the expertise of Standard Life Investments
- Significant operational leverage
- Supportive structural trends and leading positions in fast growing markets
- Continuing strong capital position
- Strong cash generation supporting a 7.5% increase in dividend

Well positioned for ongoing improvement in operating and financial performance

Full Year Results 2013

Appendix

Standard Life 

Operating profit by business unit

Operating profit

	UK and Europe		Standard Life Investments		Canada		Asia and Emerging Markets		Other		Eliminations		Total	
	2013 £m	2012 ¹ £m	2013 £m	2012 £m	2013 £m	2012 ¹ £m	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 ¹ £m
Fee based revenue	927	839	521	408	194	172	54	46	-	-	(237)	(194)	1,459	1,271
Spread/risk margin	118	119	-	-	285	221	-	-	-	-	-	-	403	340
Total income	1,045	958	521	408	479	393	54	46	-	-	(237)	(194)	1,862	1,611
Acquisition expenses	(227)	(203)	-	-	(76)	(79)	(22)	(10)	-	-	-	-	(325)	(292)
Maintenance expenses	(485)	(463)	(351)	(281)	(234)	(240)	(43)	(41)	-	-	237	194	(876)	(831)
Capital management	3	12	-	-	13	35	-	-	-	-	-	-	16	47
Share of joint ventures' and associates' profit before tax	-	-	22	18	-	-	5	8	-	-	-	-	27	26
Business unit operating profit	336	304	192	145	182	109	(6)	3	-	-	-	-	704	561
Group centre costs	-	-	-	-	-	-	-	-	(53)	(50)	-	-	(53)	(50)
Group centre capital management	-	-	-	-	-	-	-	-	(13)	23	-	-	(13)	23
Underlying Group performance	336	304	192	145	182	109	(6)	3	(66)	(27)	-	-	638	534
UK professional indemnity insurance claim	-	96	-	-	-	-	-	-	-	-	-	-	-	96
Operating assumption changes (spread/risk)	44	(7)	-	-	24	91	-	-	-	-	-	-	68	84
Canada specific management actions	-	-	-	-	45	153	-	-	-	-	-	-	45	153
Operating profit/(loss) before tax	380	393	192	145	251	353	(6)	3	(66)	(27)	-	-	751	867
Tax on operating profit/(loss)	(48)	(15)	(40)	(33)	(50)	(75)	-	-	(3)	(1)	-	-	(141)	(124)
Share of joint ventures' and associates' tax expense	-	-	(7)	(5)	(1)	(4)	-	-	-	-	-	-	(8)	(9)
Operating profit/(loss) after tax	332	378	145	107	200	274	(6)	3	(69)	(28)	-	-	602	734
Non-operating items	(75)	(99)	(1)	(3)	(87)	(22)	(7)	(2)	(17)	(16)	-	-	(187)	(142)
Tax on non-operating items	14	51	-	1	32	17	1	-	4	4	-	-	51	73
Profit for the year attributable to equity holders of Standard Life plc	271	330	144	105	145	269	(12)	1	(82)	(40)	-	-	466	665

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UK profit contribution

UK profit contribution

	2013	2012 ¹
	£m	£m
Retail – new	80	54
Retail – old	188	179
Retail fee based business contribution	268	233
Corporate	90	88
Fee based business contribution	358	321
Spread/risk	102	100
Total profit contribution	460	421
Indirect expenses and capital management	(165)	(160)
Underlying business performance	295	261
Professional indemnity insurance claim	-	96
Operating assumption changes	40	(6)
Operating profit before tax	335	351

1. Comparatives have been restated to reflect an amendment to IAS19 *Employee Benefits*

Resilient net flows in Europe

	2013 £m	2012 £m
Fee based revenue	200	172
Spread/risk margin	4	6
Total income	204	178
Acquisition expenses	(46)	(29)
Maintenance expenses	(88)	(88)
Investment management fees to SLI	(29)	(19)
Capital management	-	1
Business underlying performance	41	43

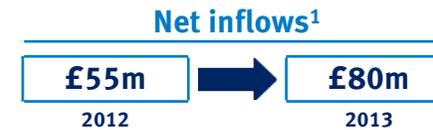
- Fee based revenue up 16% driven by increased AUA and foreign exchange movements
- Rise in acquisition expenses reflects higher commission costs and increased investment in Germany
- Maintenance expenses reflect higher level of total AUA and foreign exchange movements



Continuing progress in Asia and Emerging Markets

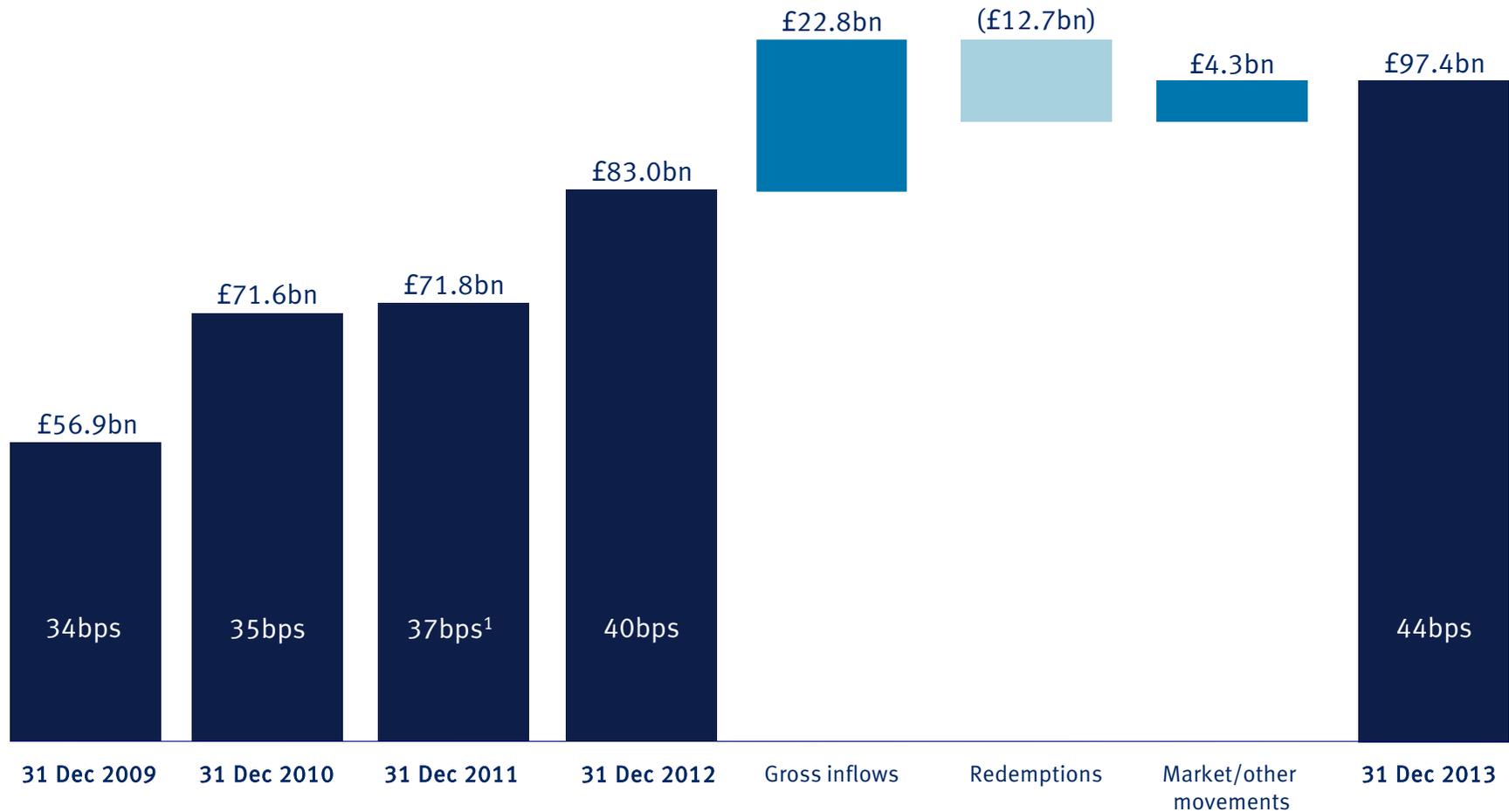
	2013 £m	2012 £m
Fee based revenue	54	46
Acquisition expenses	(22)	(10)
Maintenance expenses	(43)	(41)
Total wholly owned	(11)	(5)
India and China JV businesses	5	8
Operating (loss)/profit	(6)	3

- Fee based revenue up 17% driven by growth in new business:
 - Fee business net inflows up 45% to £80m
 - PVNBP sales up 86% to £468m
 - Ranked 3rd in Hong Kong savings and investment market and market-leader in the broker and IFA segment
- Increased expenses reflecting:
 - Investment into Singapore and Dubai
 - Impairment of deferred acquisition costs in Hong Kong
- JV result reflects a growing range of products in India and adverse foreign exchange movements
- HDFC Life paid its first dividend to shareholders



1. Wholly owned businesses only

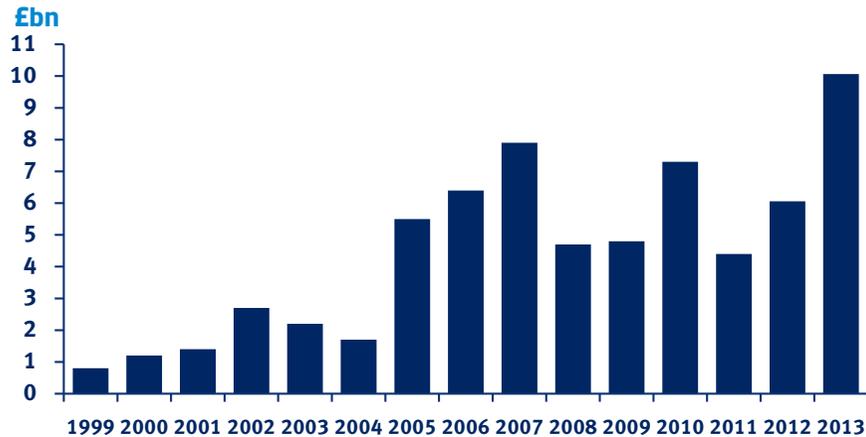
Standard Life Investments third party AUM



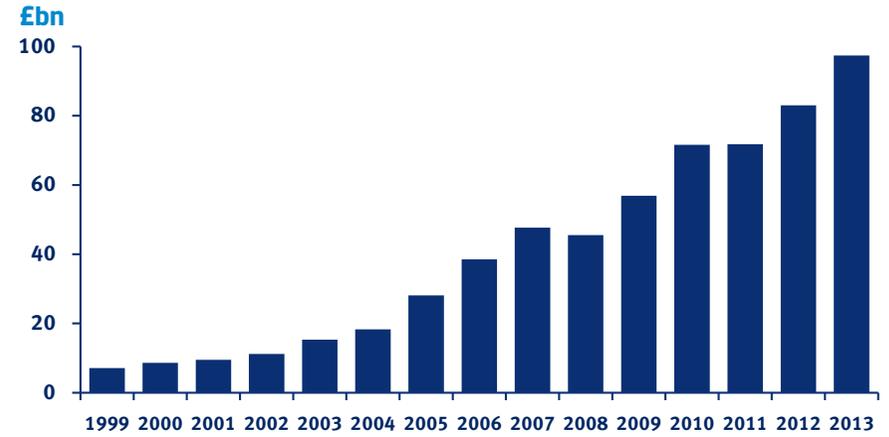
1. Excludes fee from the external transfer of UK money market funds

Standard Life Investments delivering strong growth in constantly evolving markets

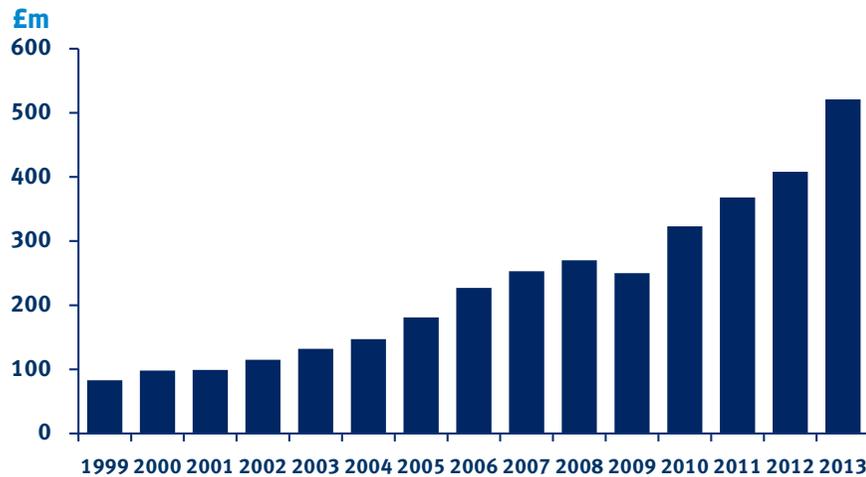
Third party net inflows



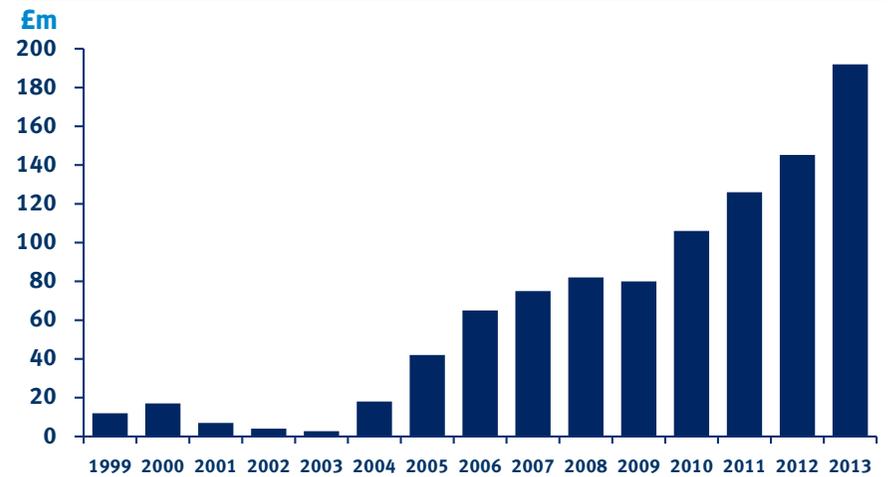
Third party AUM



Revenue



EBIT

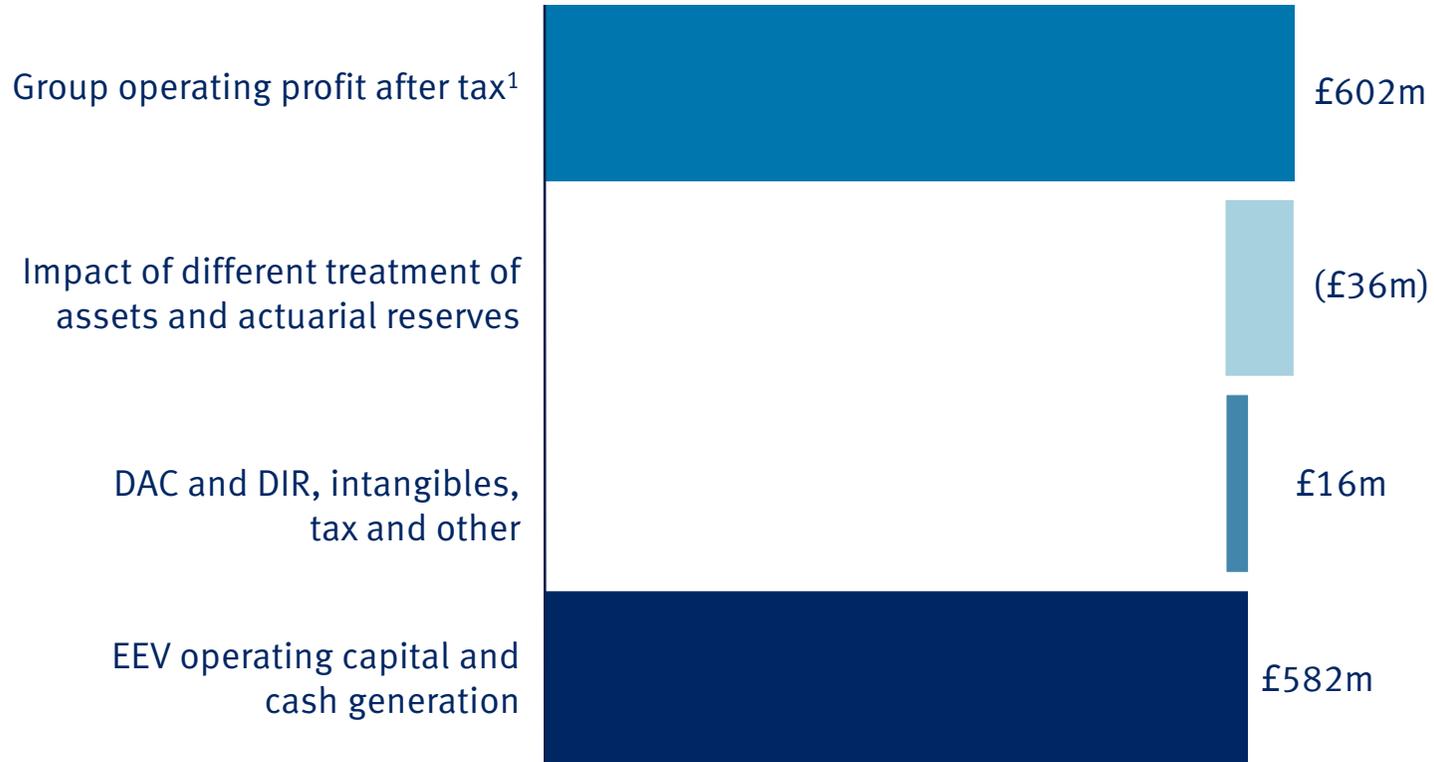


Spread/risk margin

Spread/risk margin

	UK and Europe		Canada		Total	
	2013	2012	2013	2012	2013	2012
	£m	£m	£m	£m	£m	£m
New business	59	73	10	8	69	81
Existing business	44	37	226	185	270	222
	103	110	236	193	339	303
Impact of regular management actions	15	9	49	28	64	37
Spread/risk margin (excl. other operating income)	118	119	285	221	403	340
Impact of one-off specific management actions	-	-	42	81	42	81
Non-recurring operating assumption and one-off reserving changes	44	(7)	24	91	68	84
Spread/risk margin	162	112	351	393	513	505

Capital and cash



1. Group operating profit before tax of £751m, tax on operating profit of (£141m) and share of joint ventures' and associates' tax expense of (£8m)

EEV operating capital and cash generation

EEV operating capital and cash generation

	Core			Gross efficiency and back book £m	Total £m	Gross operating capital and cash £m
	Gross	NBS	Total			
	£m	£m	£m			
2013						
UK and Europe ¹	416	(174)	242	159	401	575
Canada	129	(30)	99	109	208	238
Asia and Emerging Markets	40	(62)	(22)	(4)	(26)	36
Non-covered excluding Group centre interest and financing	3	-	3	16	19	19
Total	588	(266)	322	280	602	868
Non-covered Group centre interest and financing	(20)	-	(20)	-	(20)	(20)
EEV operating capital and cash generation	568	(266)	302	280	582	848
2012²						
UK and Europe ¹	405	(147)	258	129	387	534
Canada	115	(25)	90	249	339	364
Asia and Emerging Markets	44	(44)	-	(4)	(4)	40
Non-covered excluding Group centre interest and financing	(13)	-	(13)	(21)	(34)	(34)
Total	551	(216)	335	353	688	904
Non-covered Group centre interest and financing	13	-	13	-	13	13
EEV operating capital and cash generation	564	(216)	348	353	701	917

1. Includes Europe new business strain of (£31m) (2012: strain of (£38m))

2. Comparatives have been restated to reflect an amendment to IAS19 *Employee Benefits*

Fee based revenue

Fee based revenue

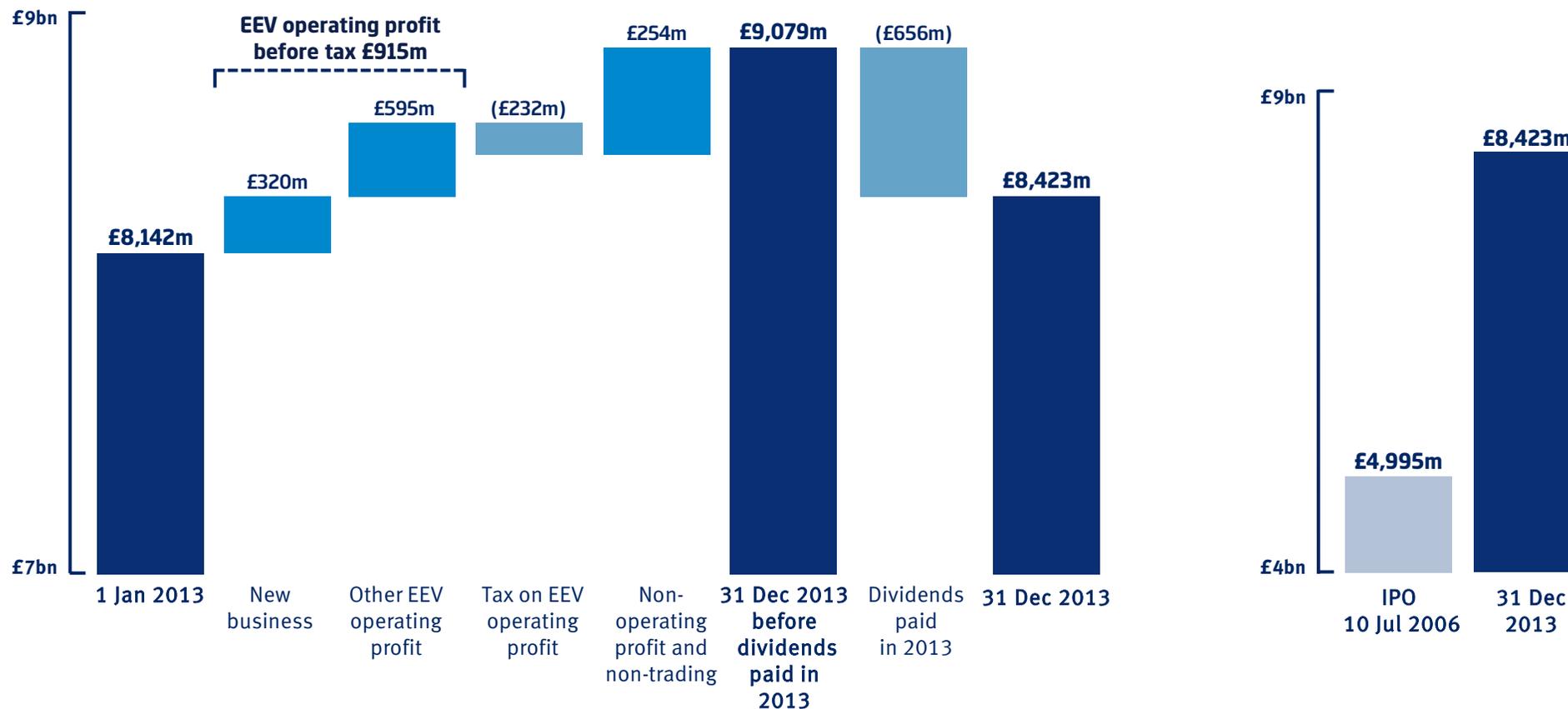
	2013			2012		
	Average AUA	Revenue	Revenue	Average AUA	Revenue	Revenue
	£bn	bps	£m	£bn	bps	£m
UK	120.1	67	727	105.9	72	667
Europe	15.1	133	200	12.5	138	172
UK and Europe			927			839
Canada	17.1	113	194	15.1	113	172
Asia and Emerging Markets			54			46
Standard Life Investments third party AUM	92.8	44	392	76.8	40	292
Standard Life Investments in-house AUM			129			116
Standard Life Investments total AUM			521			408
Eliminations			(237)			(194)
Total fee based revenue			1,459			1,271

EEV new business margins

EEV new business margins

	2013					2012		
	IRR	Undiscounted payback	PVNBP margin	NBC	PVNBP	IRR	NBC	PVNBP
	%	years	%	£m	£m	%	£m	£m
Fee	14	7	0.9	157	16,712	15	178	12,599
Spread/risk	N/A	0	14.5	49	335	N/A	71	463
UK	18	6	1.2	206	17,047	22	249	13,062
Europe	11	8	1.9	39	2,029	6	18	1,873
UK and Europe	17	6	1.3	245	19,076	17	267	14,935
Fee	5	12	0.7	15	2,097	7	15	2,555
Spread/risk	16	7	2.7	21	797	10	21	1,029
Canada	7	10	1.3	36	2,894	8	45	3,584
Wholly owned	10	9	4.3	20	468	11	14	252
Joint Ventures	16	7	4.0	19	465	14	13	522
Asia and Emerging Markets	13	7	4.2	39	933	13	27	774
Covered business total	13	7	1.4	320	22,903	13	339	19,293

Growing our embedded value



Embedded value per share up 10p to 353p in 2013

Strong balance sheet

- IGD surplus of £3.8bn¹ (2012: £4.1bn¹) and leverage of 31%² (2012: 31%²) after:
 - Payment of full year, interim and special dividends of £0.7bn
 - Acquisition of the private client division of Newton Management Limited
- Capital position remains relatively insensitive to market movements
- Minimal shareholder exposure to European periphery sovereign and bank debt
- Strong economic capital position and well placed for the implementation of Solvency 2

IGD surplus sensitivity to equity market falls^{3,4}

Fall in equity market	IGD surplus movement
20% (FTSE 5,399)	£0.1bn decrease
30% (FTSE 4,724)	£0.2bn decrease
40% (FTSE 4,049)	£0.3bn decrease

IGD surplus sensitivity to yields^{3,4}

Movement in yields	IGD surplus movement
100bps rise	£0.1bn decrease
100bps fall	£0.1bn decrease

1. 2013 based on estimated regulatory returns. 2012 based on final regulatory returns

2. Leverage calculated as total borrowings divided by total capital

3. Compared to 31 December 2013

4. Based on certain assumed management actions appropriate to these stresses

Capital tier structure

Capital tier structure

	2013 ¹ £bn	2012 ¹ £bn
Group core tier 1	7.4	7.0
Group innovative tier 1	0.7	0.6
Deductions from tier 1	(0.7)	(0.7)
Total Group tier 1 capital	7.4	6.9
Group upper tier 2	0.5	0.5
Group lower tier 2	0.7	0.7
Group capital resources before deductions	8.6	8.1
Group capital resources deductions	(0.2)	(0.1)
Group capital resources requirement	(4.6)	(3.9)
Group capital surplus	3.8	4.1
Group solvency cover	183%	205%

1. 2013 based on estimated regulatory returns, 2012 based on final regulatory returns