Financial results 2024
Championing the mutual mindset

March 2025

Daniel Cazeaux, Group Chief Financial Officer

ROYAL LONDON

Financial results 2024

Agenda

1. Overview and highlights
2. Business Unit highlights
3. Assets under management
4. Capital
5. Summary
6. Q&A

Overview and highlights

Focus on delivering sustainable growth

Operating profit	Capital cover ratio[1]	ProfitShare[2]
£277m (FY2023: £249m)	**203%** (FY2023: 218%)	**£181m** (FY2023: £163m)
New Business Sales	**Governed Range AUM**	**Group AUM**
£10.8bn (FY2023: £9.3bn)	**£72bn** (FY2023: £61bn)	**£173bn** (FY2023: £162bn)

1. Investor View basis
2. ProfitShare is a discretionary enhancement to eligible RLMIS customers with unit-linked or with-profits policies

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Financial highlights

Delivering sustainable returns and investing for the future

		FY 2024	FY 2023	Change
UK GAAP	Operating profit before tax	**£277m**	£249m	£28m
	Transfer to FFA	**£167m**	£382m	£(215)m
	ProfitShare	**£181m**	£163m	£18m
NEW BUSINESS	Life and pensions new business sales	**£10,804m**	£9,253m	£1,551m
INFLOWS	Gross inflows	**£31,825m**	£29,904m	£1,921m
	Net (outflows)/inflows	**£(1,037)m**	£4,203m	£(5,240)m

		FY 2024	FY 2023	Change
FUNDS	Assets under management	**£173bn**	£162bn	£11bn
CAPITAL	Regulatory View solvency surplus	**£2.7bn**	£2.9bn	£(0.2)bn
	Regulatory View capital cover ratio	**196%**	206%	(10)%pts
	Investor View solvency surplus	**£2.7bn**	£2.9bn	£(0.2)bn
	Investor View capital cover ratio	**203%**	218%	(15)%pts

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UK – highlights

Ongoing propositional enhancements support profit growth

New Business Sales	**£10,507m** (FY2023: £9,023m)
Operating Profit	**£368m** (FY2023: £330m)
Governed Range Net Inflows	**£3.2bn** (FY2023: £3.2bn)

- Increase in UK operating profit supported by growing book of in-force business and strong new business growth
- Enhanced our pension consolidation service, delivering a 39% increase in workplace pension transfers
- Improved our digital offering for financial advisers, including new online 'quote and apply' functionality
- Entered the BPA market and completed three buy-ins
- Finalised Part VII transfer of Aegon UK's closed individual protection business
- Successfully met Consumer Duty requirements for closed book

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UK – life and pensions new business

Sales up 16% with growth across all key product lines

	New business sales	YoY change	New business margin
Individual pensions	£4,850m (FY2023: £4,346m)	+12%	1.4% (FY2023: 1.5%)
Workplace pensions	£4,459m (FY2023: £3,753m)	+19%	1.9% (FY2023: 1.9%)
Protection	£846m (FY2023: £760m)	+11%	3.2% (FY2023: 3.0%)
Bulk Purchase Annuities	£187m (FY2023 n/a)		4.0% FY2023 (n/a)
Individual Annuities and Other	£165m (FY2023: £164m)	+1%	6.6% (FY2023: 8.5%)
UK	**£10,507m** (FY2023: £9,023m)	**+16%**	**1.9%** (FY2023: 1.9%)

- Individual Pensions new business sales increased 12%, driven by growth in single premium transfers
- Workplace Pensions new business sales increased 19% with 966 new Workplace Pension scheme employers, and increased pension transfers
- UK Protection sales increased by 11%, driven by larger cases and higher volumes across our whole of life and funeral plan propositions

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UK – Annuities

Successful entry into the bulk purchase annuity market

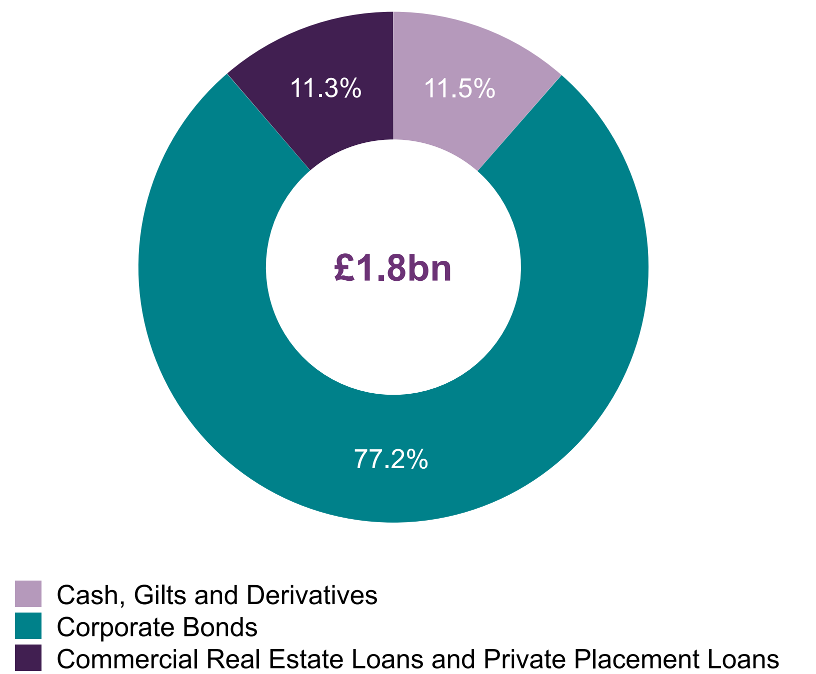
Bulk Purchase Annuity Proposition

- Completed our second internal Bulk Purchase Annuity buy-in transaction in January
- Launched our bulk purchase annuity proposition to the external market in September
- Transacted with three external pension schemes generating new business sales of £187m
- Continued momentum into 2025 with £120m agreement to insure Lufthansa Group's three UK Defined Benefit pension schemes

Matching Adjustment Portfolio

- Our Matching Adjustment Portfolio is predominantly invested in Corporate Bonds, with further diversification into additional asset classes planned for 2025

Matching Adjustment Portfolio Assets 31 December 2024



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Asset Management – highlights

Build of private asset capabilities on track

Group AUM	**£173bn** (FY2023: £162bn)
Operating Profit	**£59m** (FY2023: £62m)
Net Flows	**£(1.0)bn** (FY2023: £4.2bn)

- AUM grew to a record £173bn, supported by positive market movements
- Profitability maintained as we continue to build capability organically
- First investments made into our UK Living strategy
- Applied a low-carbon and governance tilt strategy to our £5.6bn[1] Emerging Market equities fund
- Despite Global Equities net outflows of £4.3bn, retained significant AUM and recruited new team members
- Positive net inflows into Sterling Credit and Property strategies, reflecting our diversified capabilities
- Launch of new private assets strategies expected in 2025

1. at 31 December 2024

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Ireland – highlights

Extended customer offering with new regular premium pension

New Business Sales	**£297m** (FY2023: £230m)
Operating Profit	**£10m** (FY2023: £5m)
Margin	**4.3%** (FY2023: 4.8%)

- 29% growth in new business sales
- Increased Pension sales of £109m (2023: £51m) as we continue to build market share since 2022 launch
- Launched our regular premium Personal Retirement Savings Account to the Irish market
- Protection new business sales up 5% maintaining our position as the market leader in the Irish intermediary market
- Added new protection portal for customers

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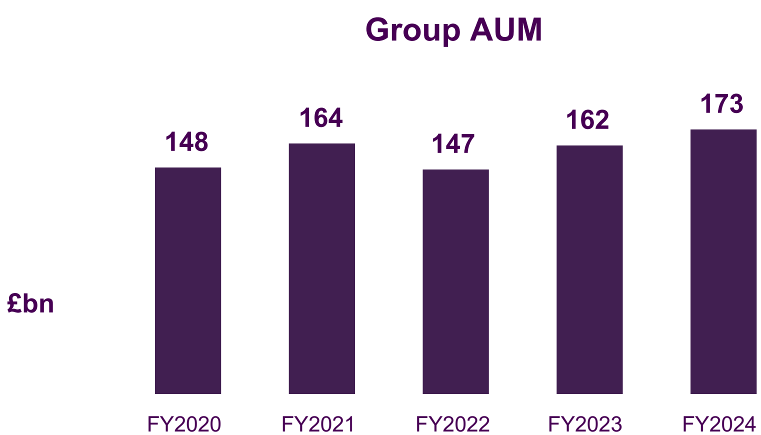
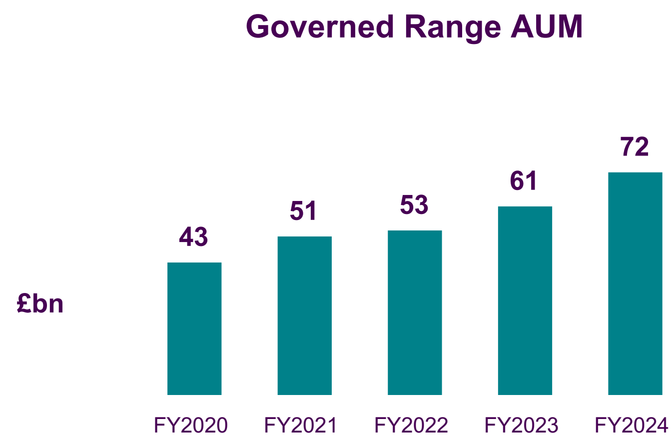
Assets under management

AUM grows to record levels





Flows

	Gross inflows		Net inflows / (outflows)	
	FY24 £m	FY23 £m	FY24 £m	FY23 £m
Internal flows	11,545	9,717	1,395	895
External flows	20,280	20,187	(2,432)	3,308
Total	**31,825**	**29,904**	**(1,037)**	**4,203**

- Group AUM increased to £173bn, driven predominantly by market movements
- External net outflows impacted by Global Equities outflows; external net inflows of £1.9bn across other strategies
- Flagship Governed Range AUM increased to £72bn
- Governed Range, where most Workplace pensions are invested, attracted net inflows of £3.2bn

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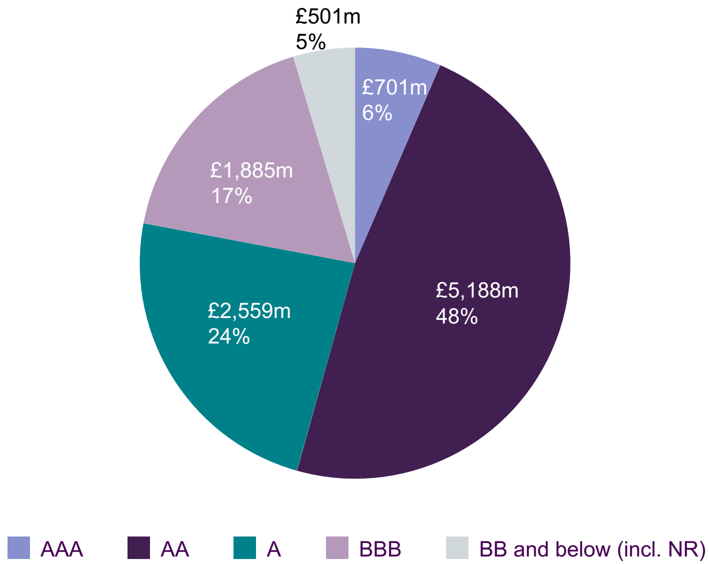
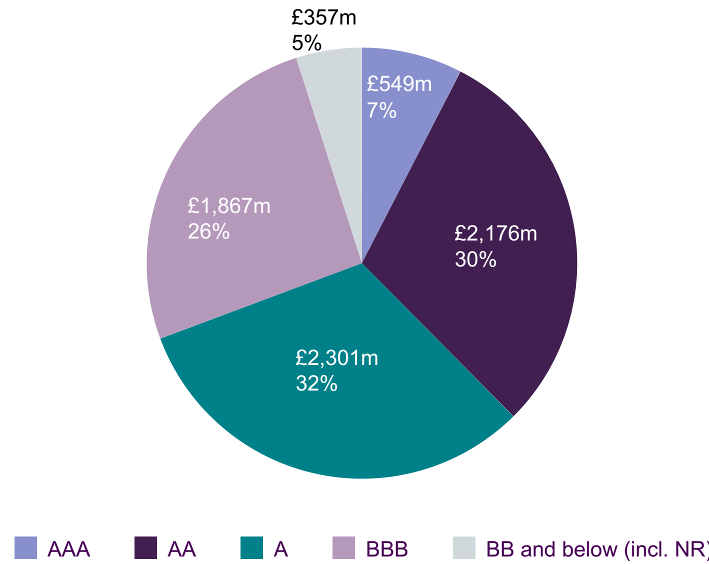
Balance sheet – investment portfolio

Our investment portfolio remains well diversified

Non-linked debt security portfolio at 31 December 2024: £10,834m



Non-linked corporate bonds at 31 December 2024: £7,250m



- Investment portfolio increased to £124.6bn (FY23: £113.7bn)
- Continued to maintain a highly-rated, well diversified investment portfolio
- No significant defaults in our corporate bond portfolio

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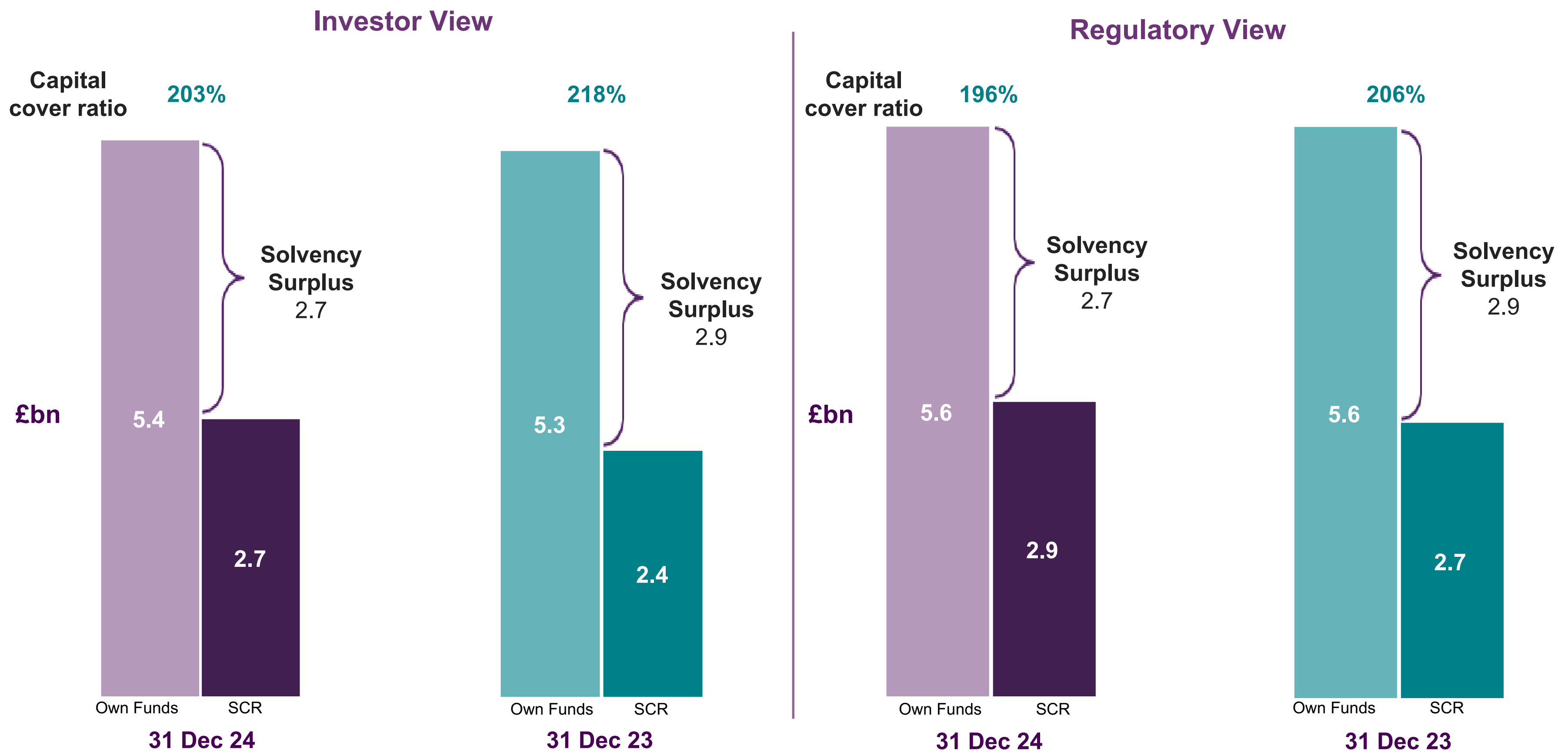
Capital

Robust capital position enables long-term decisions



- Under normal circumstances, we expect to operate with an Investor View ratio above 180%

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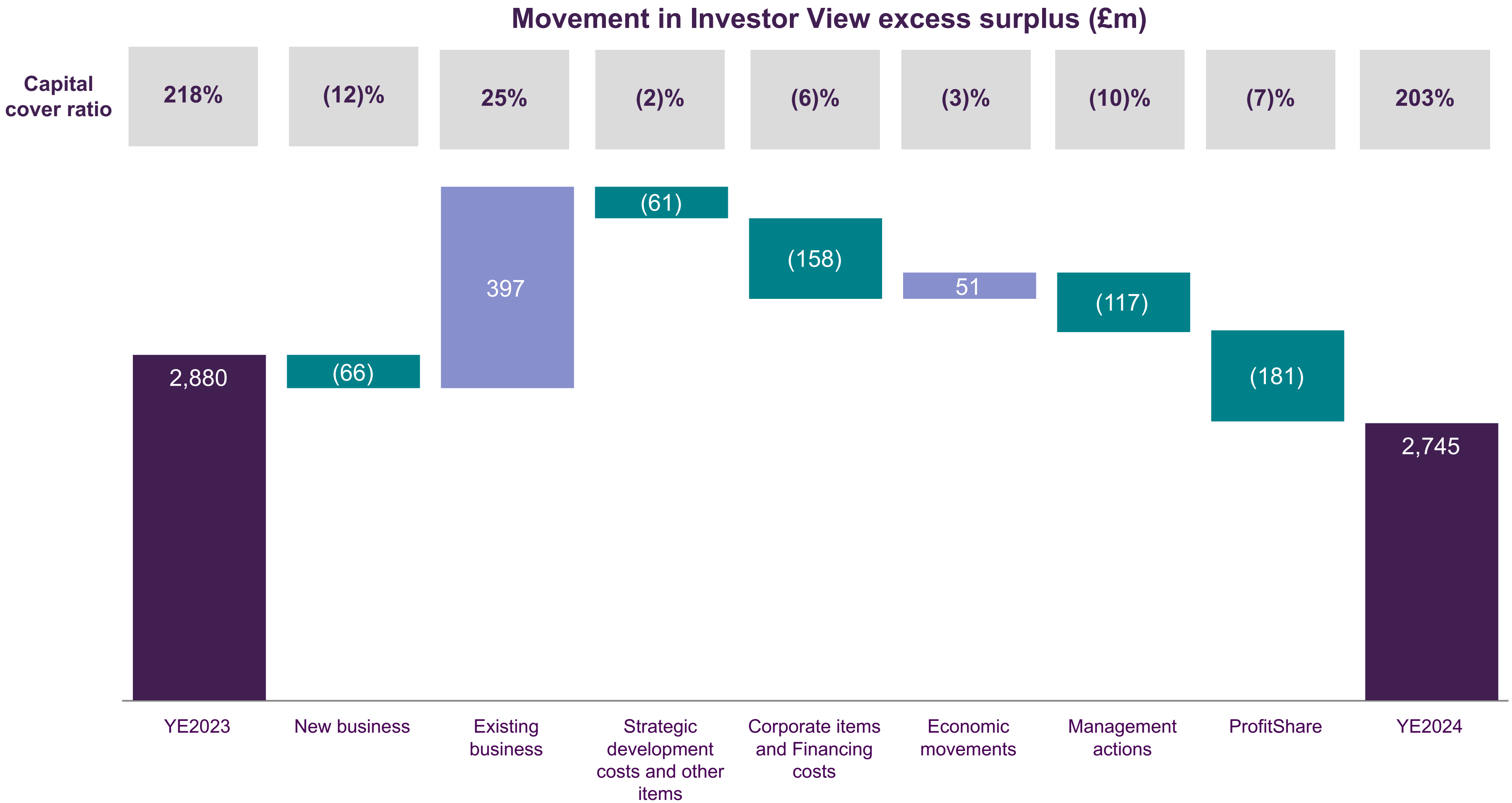
Capital – Group Investor View

Capital generation supports ProfitShare allocation



- Management Actions reflect the impact of changes to equity hedging through 2024

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Summary

- **Operating profit increased to £277m** supported by a growing book of in-force business and increased new business contribution across all our main product lines
- **New business sales increased** 17% to £10.8bn
- **Flagship Governed Range reached £72bn AUM,** with £3.2bn of net inflows
- **Successfully entered the external Bulk Purchase Annuity market** and continue to build our capabilities
- **Group AUM grew to £173bn** driven predominantly by positive market movements offset by net outflows of £1.0bn
- **Continued momentum in Ireland** with the successful launch of a regular premium Personal Retirement Savings Account
- **Robust capital position** enables long-term approach to decision making

Q&A

Appendix 1 – Operating profit before tax

	FY 2024	FY 2023	Change	
Long-term business				
New business contribution	£209m	£184m	+£25m	14 %
Existing business contribution	£289m	£236m	+£53m	22 %
Contribution from AUM and other businesses	£81m	£84m	£(3)m	(4)%
Business development costs	£(54)m	£(40)m	£(14)m	(35)%
Strategic development costs	£(71)m	£(61)m	£(10)m	(16)%
Amortisation of intangibles	£(17)m	£(6)m	£(11)m	(183)%
Result from operating segments	**£437m**	**£397m**	**£40m**	**10 %**
Corporate items	£(73)m	£(63)m	£(10)m	(16)%
Financing costs	£(87)m	£(85)m	£(2)m	(2)%
Group operating profit before tax	**£277m**	**£249m**	**£28m**	**11 %**

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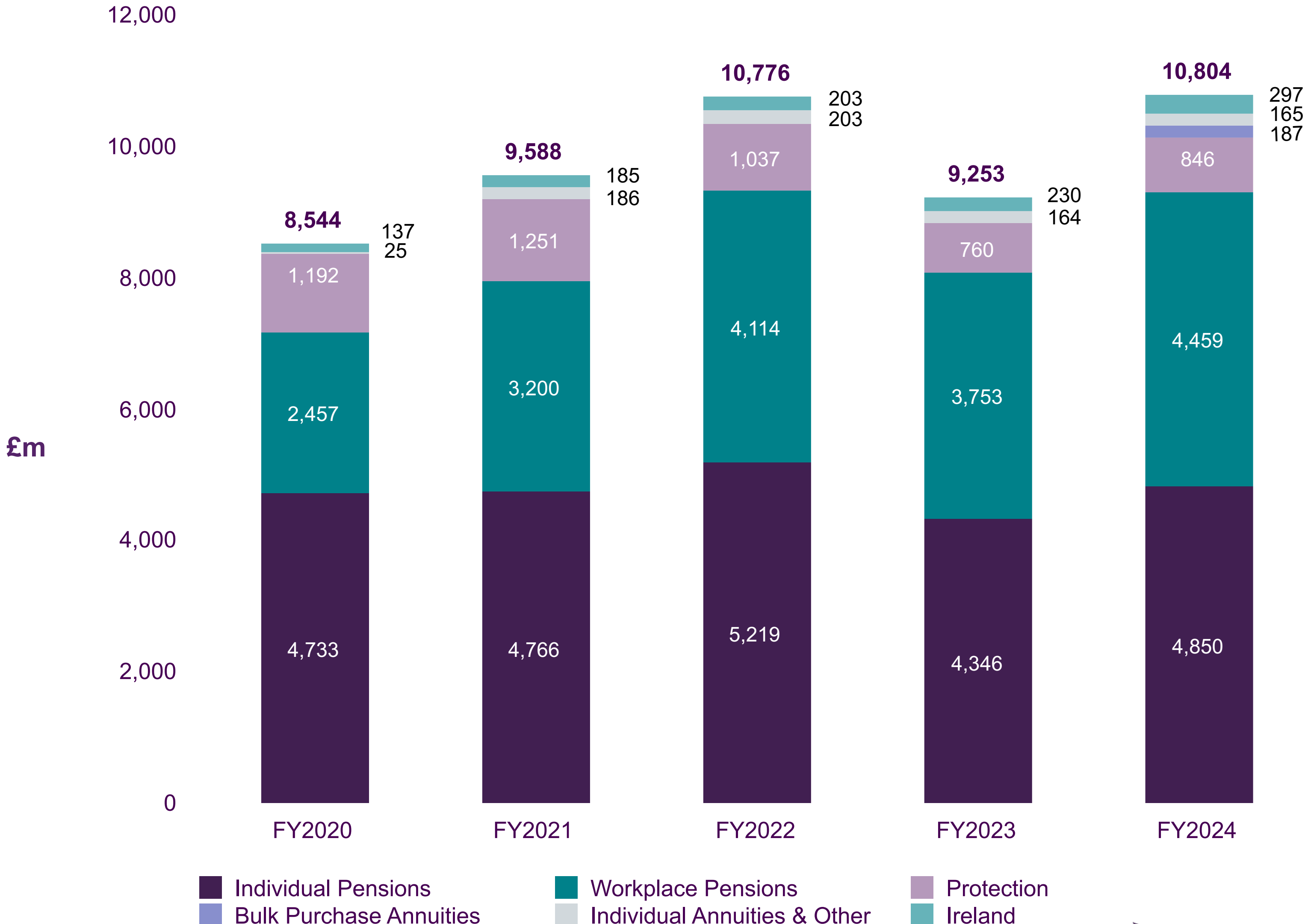
Appendix 2 – Life and pensions new business



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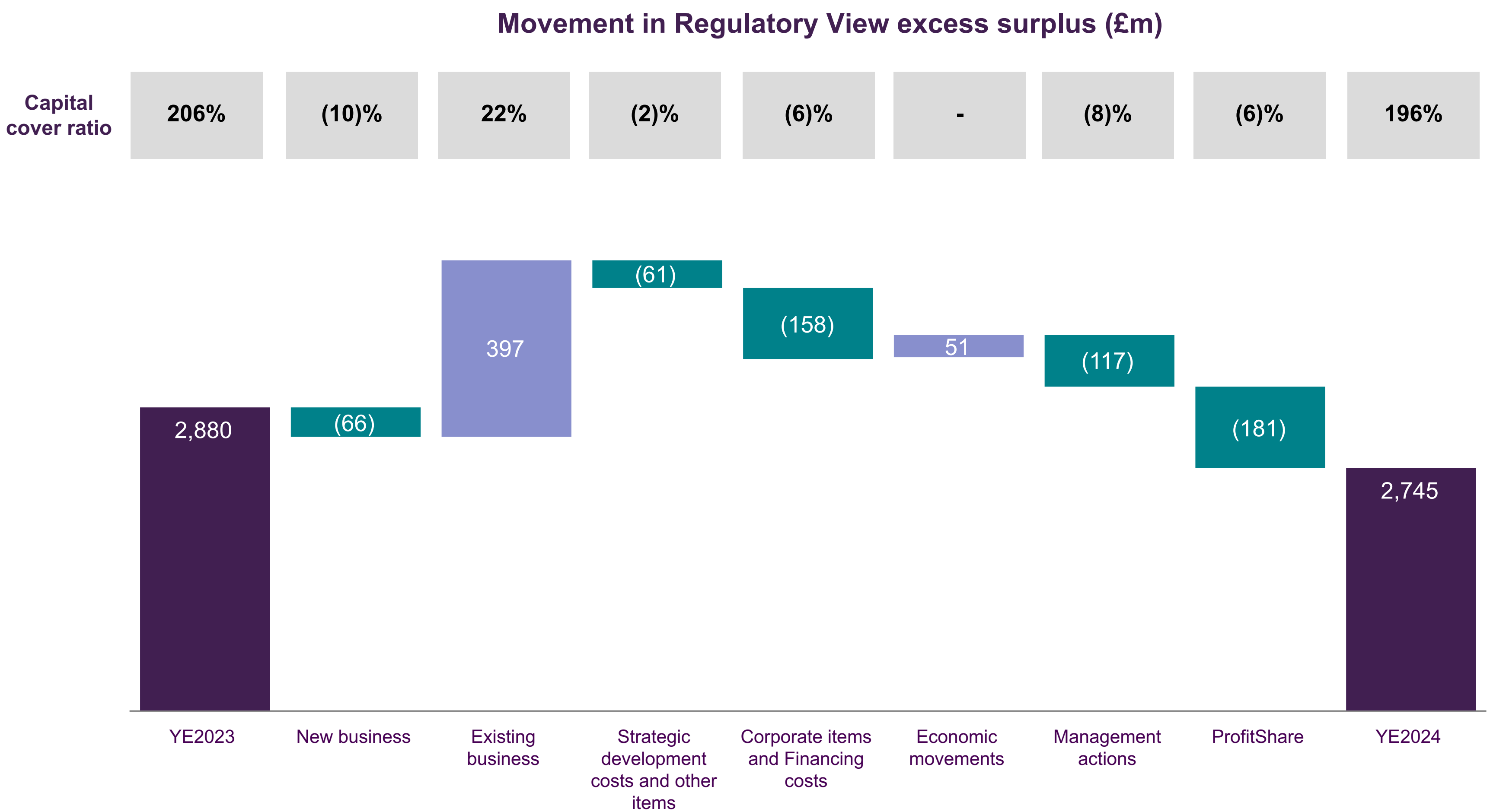
Appendix 3 – Capital Group Regulatory View



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Appendix 4 – Capital sensitivities

Scenario	Solvency II Investor View Sensitivities: Capital cover ratio %	Solvency II Investor View Sensitivities: Impact on solvency surplus (£bn)	Solvency II Regulatory View Sensitivities: Capital cover ratio %	Solvency II Regulatory View Sensitivities: Impact on solvency surplus (£bn)
Base: FY24	**203%**	**2.7**	**196%**	**2.7**
25% decrease in equity investments	6%	(0.1)	6%	(0.1)
15% decrease in property prices	(1)%	(0.1)	(1)%	(0.1)
100bps rise in interest rates	3%	-	4%	-
100bps fall in interest rates	(5)%	(0.1)	(7)%	(0.1)
25bps increase in Govt bond yields	(1)%	-	(1)%	-
200bps widening in credit spreads	3%	-	3%	-
20% of assets downgrading in MA portfolio	(1)%	-	(1)%	-
15% fall in GBP exchange rates	(3)%	-	(3)%	-

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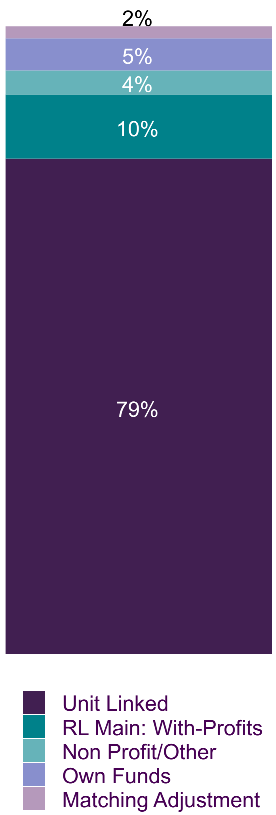
Appendix 5 – Fund structure

The RL Main Fund is the fund into which all the Group's new long-term savings and protection business is written.

- Total assets: £109.2bn
- Adjusted own funds*: £5.4bn

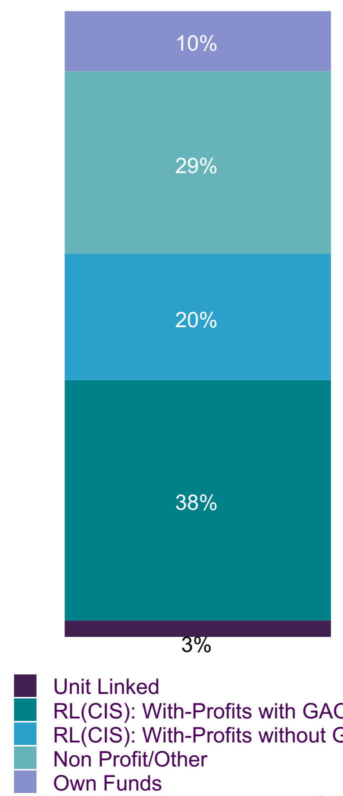
RL(CIS) is Royal London's closed fund, formed following the purchase of the Co-operative Insurance Society Ltd.

- Total assets: £22.8bn
- Adjusted own funds**: £2.2bn



- Circa 90% of the RL Main Fund is Unit-Linked and With-Profits portfolios, where the policyholder bears the investment risk.
- The majority of the RL Main Fund's exposure to higher risk assets, such as equities and property, is held in the Unit-Linked and With-Profits portfolios.

Solvency II data at 31 December 2024
* Own Funds includes £0.1bn for RLI DAC
** Pre closed fund restriction



- The RL(CIS) fund is managed on a stand-alone basis, with hedging in place to maintain a stable level of solvency surplus as market conditions change.
- Circa 60% of the RL(CIS) Closed Fund is legacy With-Profits business, where the policyholder bears the investment risk. The majority of the fund's exposure to equities and property is held in the With-Profits portfolios.
- Over one third of the fund is With-Profits business with Guaranteed Annuity Options ("GAOs") that is sensitive to interest rates, prior to hedging.

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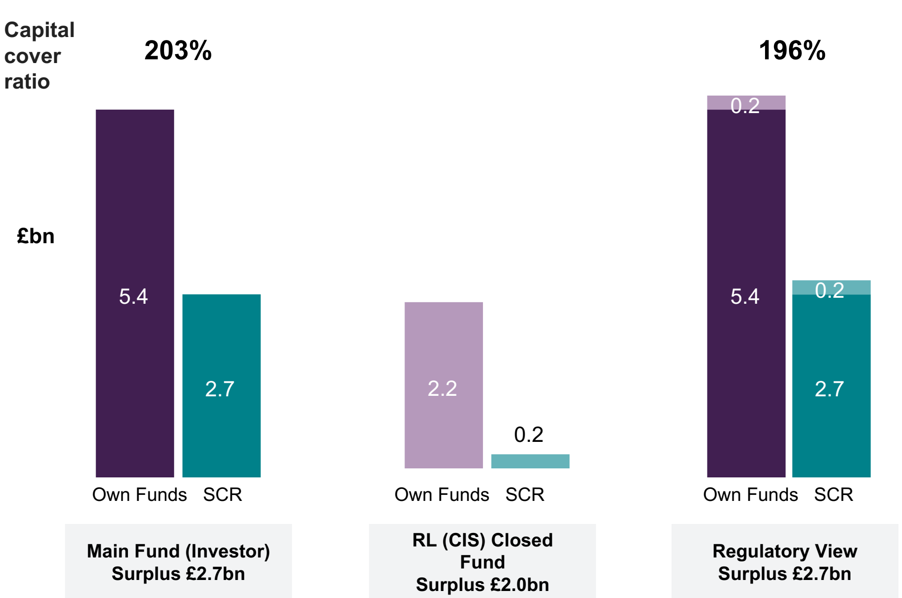
Appendix 6 – Basis of Regulatory Ratio

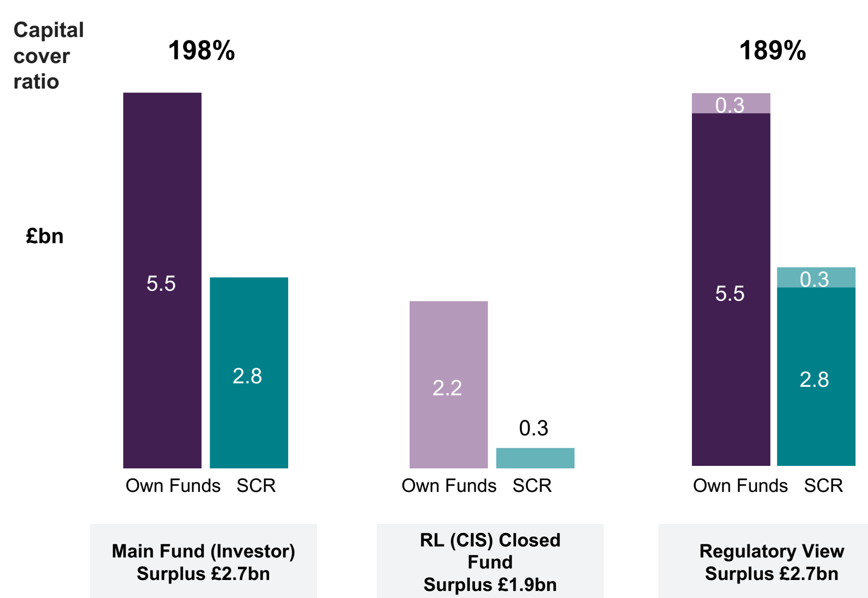
- At YE24, RL(CIS) has a solvency surplus of £2.0bn. As a closed fund, the RL(CIS) solvency surplus is ring-fenced and therefore the surplus is restricted to the value of the RL(CIS) SCR within the Regulatory View Surplus calculation (£0.2bn)
- Our approach to managing the RL(CIS) solvency surplus ensures the 'burn through' risk to the RL Main Fund is minimal

- Under a yield fall, the RL(CIS) SCR rises as the value of Guaranteed Annuity Options in the fund increase
- Hedging ensures that the solvency surplus in the RL(CIS) fund remains stable. However, the increase in the RL(CIS) SCR dilutes the Regulatory View Ratio

31 December 2024



Yields fall 100bps



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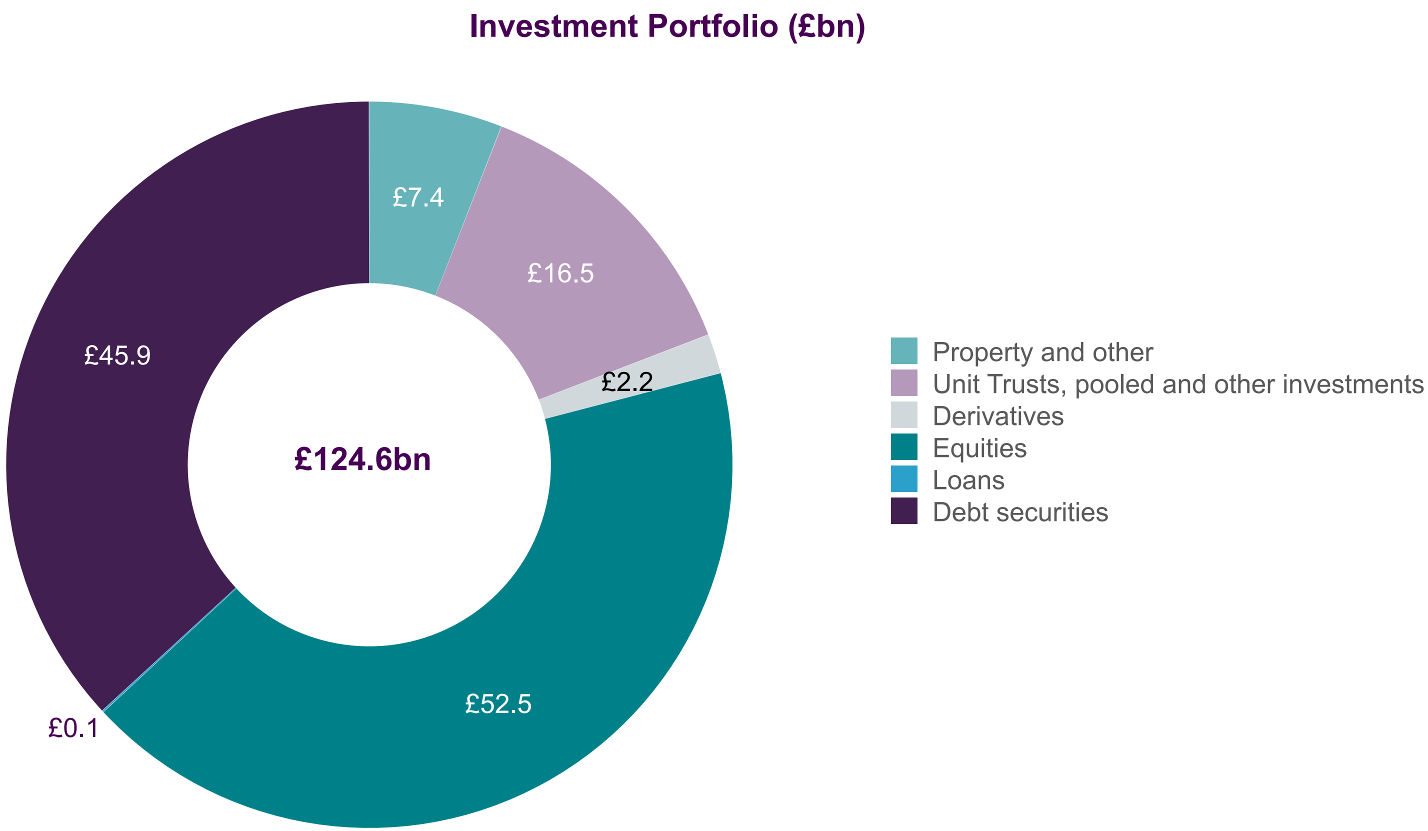
Appendix 7 – Investment portfolio



- **78%** (A rated or better non-linked debt securities)
- **69%** (A rated or better non-linked corporate bonds)
- Diversified investment portfolio

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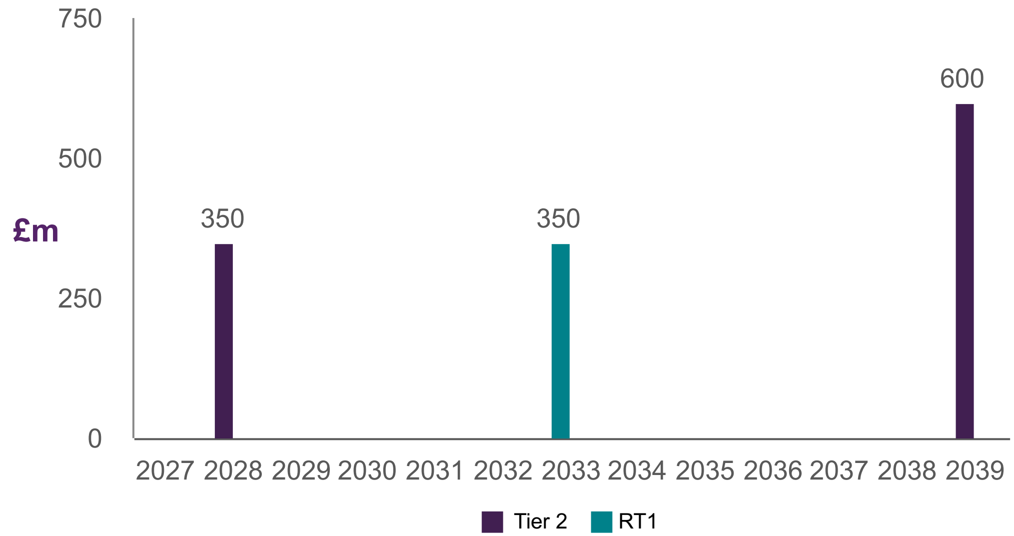
Appendix 8 – Debt maturity profile / leverage

First Call / Maturity



Estimated Solvency II debt leverage

22%

(FY2023 22%)

Current debt in issuance

Issue Date	Size	SII Classification	Coupon	First Call** / Maturity*	Rating (Moody’s / S&P)
Nov 2015	£350m	Tier 2	6.125%	Nov 2028*	Baa1 / BBB+
Oct 2019	£600m	Tier 2	4.875%	Apr 2039**	Baa1 / BBB+
May 2023	£350m	RT1	10.125%	May 2033**	Baa3 / BBB

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Footnotes

1 The information in this presentation relates to The Royal London Mutual Insurance Society Limited (‘RLMIS’ or ‘the Company’), and its subsidiary undertakings, together referred to as ‘Royal London’ or ‘the Group’.

2 The Group assesses its financial performance based on a number of measures, some of which are not defined or specified in accordance with relevant financial reporting frameworks such as UK GAAP or Solvency II. These measures are known as alternative performance measures (APMs). APMs are disclosed to provide further information on the performance of the Group and should be viewed as complementary to, rather than a substitute for, the measures determined according to UK GAAP and Solvency II requirements. Accordingly, these APMs may not be comparable with similarly titled measures and disclosures by other companies.

3 ProfitShare is a discretionary enhancement to eligible RLMIS customers with unit-linked or With-Profits policies. The allocation is considered annually and depends on a number of factors including financial performance, capital position, the risks and volatility of financial markets and the Group’s outlook.

4 Operating profit before tax is the transfer to the fund for future appropriations before other comprehensive income excluding: short-term investment return variances and economic assumption changes (economic movements); charges/credits arising from mergers and acquisitions; ProfitShare; ValueShare; tax; and one-off items of an unusual nature that are not related to the underlying trading of the Group. Profits or losses arising within the closed funds are held within the respective closed fund surplus; therefore, operating profit before tax represents the result of the Royal London Main Fund (RL Main Fund) and the RLI DAC Open Fund.

5 Transfer to the fund for future appropriations represents the statutory UK GAAP measure ‘Transfer to the fund for future appropriations’ in the technical account within the consolidated statement of comprehensive income.

6 Life and pensions new business sales represent life and pensions business only and excludes Asset Management, other lines of business and bulk purchase annuity buy-ins transacted with the Group’s defined benefit pension schemes. New business sales are presented as the Present Value of New Business Premiums (PVNBP), which is the total of new single premium sales received in the period plus the discounted value, at the point of sale, of the regular premiums the Group expects to receive over the term of the new contracts sold in the period. The rate used to discount the cash flows in the reported results has been derived from the opening swap curve at the start of the financial period for all new business except annuities where the rate used is the future yield (less an allowance for downgrade and default risk) on assets expected to back these annuitant liabilities over the lifetime of the contracts.

7 Gross and net inflows incorporate flows into Royal London Asset Management (RLAM) from external clients (external flows) and those generated from RLMIS (internal flows). External client net flows represent external inflows less external outflows, including cash mandates. Internal net flows from RLMIS represent the combined premiums and deposits received (net of reinsurance) less claims and redemptions paid (net of reinsurance). Given its nature, non-linked Protection business is not included.

8 Assets under management (AUM) represent the total of assets managed by the Group, including funds managed on behalf of third parties.

9 The capital cover ratio is calculated as the Group’s Own Funds, being the regulatory capital under Solvency II, divided by the Solvency Capital Requirement (SCR). The ‘Investor View’ equals the RL Main Fund capital position (i.e. excluding ring-fenced funds). The ‘Regulatory View’ solvency surplus and capital cover ratio exclude the closed funds’ surplus as a restriction to Own Funds. All capital figures are stated on a Group Partial Internal Model basis and the 2024 figure is estimated and unaudited.

10 In November 2024 the Prudential Regulation Authority (PRA) announced the final policy statement to implement reforms to the Solvency II framework previously applicable in the UK. The resultant new prudential regime for UK insurers became effective on 31 December 2024 and will eventually be known as ‘Solvency UK’. However, in line with the approach outlined in the policy statement, the UK regime will continue to be referred to as Solvency II until such time as the PRA has changed all references from Solvency II to Solvency UK across all their relevant materials.

11 Figures presented throughout are rounded. The capital cover ratios, new business margins and period on period percentage changes are calculated based on exact figures.

12 Sensitivities include movements in the Transitional Measure on Technical Provisions (TMTP), which was last formally recalculated at 31 December 2024. The sensitivities do not include any subsequent rebalancing of the asset portfolio.

13 Interest rate sensitivities assume that government and other bond yields and risk-free rates all move by the same amount. Interest rates are allowed to be negative.

14 The government bond yield sensitivity assumes risk-free rates and other yields remain constant. The Matching Adjustment and Volatility Adjustment rate have been reassessed in the stressed scenario.

15 The widening in credit spreads stress assumes a widening in all ratings and an associated increase in the discount rate for the Royal London Group Pension Scheme and Royal Liver pension schemes at 25% of the asset spread stress. The Matching Adjustment and Volatility Adjustment rate have been reassessed in the stressed scenario.

16 The 20% assets downgrade scenario assumes a uniform downgrade across all asset class holdings in the matching adjustment (MA) portfolio, with no recovery in asset holdings. The MA rate has been reassessed in the stress scenario.

17 The fall in GBP exchange rates stress assumes an increase to the value of assets held in currencies other than GBP by 15% in GBP terms.

18 Solvency II leverage ratio is the Solvency II value of the Group’s outstanding debt (which is entirely subordinated liabilities) divided by the Group’s estimated Solvency II Own Funds (Regulatory View)

Forward-looking statements

Royal London may make verbal or written ‘forward-looking statements’ within this presentation, with respect to certain plans, its current goals and expectations relating to its future financial condition, performance, results, operating environment, strategy and objectives. Statements that are not historical facts, including statements about Royal London’s beliefs and expectations and including, without limitation, statements containing the words ‘may’, ‘will’, ‘should’, ‘continue’, ‘aims’, ‘estimates’, ‘projects’, ‘believes’, ‘intends’, ‘expects’, ‘plans’, ‘seeks’ and ‘anticipates’, and words of similar meaning, are forward-looking statements. The statements are based on plans, estimates and projections as at the time they are made and involve unknown risks and uncertainties. These forward-looking statements are therefore not guarantees of future performance and undue reliance should not be placed on them.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, some of which will be beyond Royal London’s control. Royal London believes factors could cause actual financial condition, performance or other indicated results to differ materially from those indicated in forward-looking statements in the presentation. Potential factors include but are not limited to: geopolitical conditions; UK and Ireland economic and business conditions; future market-related risks such as high interest rates and the performance of financial markets generally; the policies and actions of governmental and regulatory authorities (for example new government initiatives); the impact of competition; the effect on Royal London’s business and results from, in particular, mortality and morbidity trends, lapse rates and policy renewal rates; and the timing, impact and other uncertainties of future mergers or combinations within relevant industries. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits.

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