

Results Announcement 2024

7 March 2025

2.3 million customers to share in £181 million ProfitShare payout

Barry O'Dwyer, Group Chief Executive Officer, commented:

"Royal London is customer-owned and is run for the benefit of customers, not shareholders. We share our profits with eligible customers and our ProfitShare scheme will distribute £181m to 2.3 million customers in April. This was underpinned by the business delivering an 11% increase in operating profit to £277m in 2024.

"Our customer focus means we continually enhance our offerings and digital services to help customers build their financial resilience, often partnering with independent financial advisers. We have recently launched an innovative new online application process for individual pensions business, making it substantially easier for advisers to work with us. Our customer-first approach also appeals to employers wanting to pick the best possible offering and, in 2024, nearly 1,000 employers chose to establish a Royal London Workplace Pension scheme, very often moving from a shareholder-owned competitor.

"2024 also saw Royal London enter the bulk purchase annuity market, giving trustees the option of choosing the only customer-owned provider in this market."

Highlights

- ProfitShare³ of £181m (2023: £163m) to be shared in April 2025 with 2.3 million eligible customers who have pensions and life policies with Royal London.
- The Governed Range, our flagship fund offering, attracted net inflows of £3.2bn (2023: £3.2bn), with assets under management (AUM) reaching £72bn (2023: £61bn).
- Welcomed 966 (2023: 930) new Workplace Pension schemes and 240,000 new scheme members (2023: 240,000). Workplace Pensions new business sales were up by 19%, reflecting the increasing number of medium and large-sized employer scheme wins.
- Introduced a range of digital improvements to support customers to build their financial resilience, including a new contribution guidance tool and further enhancements to our pension consolidation service, helping to deliver a 39% increase in the number of Workplace Pension transfers.
- Continued to enhance our digital offering for financial advisers, launching a new online service that makes it easier for advisers to deal with us, including streamlined and intuitive 'quote and apply' functionality for new business.
- Paid 98.7% (2023: 99.0%) of protection claims, delivering £751m to over 65,000 customers and their families in the UK and Ireland.
- Announced our entry into the bulk purchase annuity market in September 2024 and completed three buy-in transactions with £187m of premiums.
- Made our first natural capital asset purchase, acquiring one of the UK's largest prime farmland assets, while also investing into our UK Living strategy with the purchase of 500 apartments in the Thames Valley.
- Investment performance of actively managed funds remains good, with 60% (2023: 96%) outperforming their three-year benchmark⁴ on an AUM weighted basis and 81% of funds (2023: 89%) outperforming on an equally weighted basis.
- Our business in Ireland delivered a 29% growth in new business sales of Protection and Pensions products, up to £297m.
- Customer satisfaction, as measured by our Customer Value Statement (CVS⁵) score, up 3 percentage points over the year, and 11 percentage points since 2020, with an average of 43% of customers rating Royal London 9 or 10 out of 10 across each of seven key measures.
- Contributed £2.8m towards social impact initiatives, including Cancer Research UK, to help tackle cancer inequalities and Turn2us, a national charity working to address financial insecurity across the UK.

Financials

		Year ended 31 December 2024	Year ended 31 December 2023
UK GAAP	Operating profit before tax ⁶	£277m	£249m
	Transfer to the fund for future appropriations ⁷	£167m	£382m
	ProfitShare ³	£181m	£163m
New business	Life and pensions new business sales ⁸	£10,804m	£9,253m
Inflows/(outflows)	Gross inflows ⁹	£31,825m	£29,904m
	Net (outflows)/inflows ⁹	£(1,037)m	£4,203m
		31 December 2024	31 December 2023
Funds	Assets under management ¹⁰	£173bn	£162bn
Capital¹¹ (Solvency II¹²)	Regulatory View solvency surplus	£2.7bn	£2.9bn
	Regulatory View capital cover ratio	196%	206%
	Investor View solvency surplus	£2.7bn	£2.9bn
	Investor View capital cover ratio	203%	218%

- Operating profit before tax⁶ increased by 11% to £277m (2023: £249m) supported by increased new business contribution across all our main product lines and a growing book of in-force business.
- Transfer to the fund for future appropriations (FFA)⁷ of £167m (2023: £382m) includes the impact of positive economic movements and is stated after the allocation of ProfitShare.
- Life and pensions new business sales⁸ were up 17% to £10,804m (2023: £9,253m) with growth across all products, including a 19% increase in Workplace Pensions due to a rise in both transfer volumes and the number of new schemes won.
- Gross inflows⁹ rose to £31.8bn (2023: £29.9bn). Net outflows⁹ of £1.0bn (2023: £4.2bn net inflows) were impacted by £4.3bn of external net outflows from Global Equities strategies following the departure of some members of the Global Equities team.
- Assets under management¹⁰ increased to a record £173bn (31 December 2023: £162bn).
- Capital position remains robust as the Investor View and Regulatory View¹¹ ratios reduced to 203% (31 December 2023: 218%) and 196% (31 December 2023: 206%) following changes to the level of equity hedging as we seek to manage the capital position within our capital management framework.

Investor Conference call

Royal London will hold an investor conference call to present its 2024 Financial Results on Friday, 7 March 2025 at 08:30. Interested parties can register [here](#). A copy of the presentation to investors is available on the [Group's website](#).

For further information please contact:

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About Royal London

Royal London is the UK's largest mutual life, pensions and investment company and in the top 30 mutuals globally^a. Working with advisers and customers, we provide long-term savings, protection and asset management products and services. Our Purpose, 'Protecting today, investing in tomorrow. Together we are mutually responsible', drives us and defines the impact we want to have.

Financial calendar:

- 7 March 2025 – Financial Results for 2024 and conference call
- 27 May 2025 – RL Finance Bonds No. 6. plc subordinated debt interest payment date
- 3 June 2025 – Annual General Meeting
- 8 August 2025 – Interim Financial Results for 2025 and conference call
- 7 October 2025 – RL Finance Bonds No. 4 plc subordinated debt interest payment date
- 13 November 2025 – RL Finance Bonds No. 3 plc subordinated debt interest payment date
- 25 November 2025 – RL Finance Bonds No. 6 plc subordinated debt interest payment date

^a Based on total 2022 premium income. International Cooperative and Mutual Insurance Federation Global 500 Report, 2024

Editor's notes

1. The information in this announcement 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. Investment performance has been calculated for funds with a defined external benchmark on an equally weighted basis, by measuring the number of in-scope funds outperforming their three-year benchmark divided by the total number of in-scope funds and, on an AUM weighted basis, by using a weighted average of active assets under management. Benchmarks differ by fund and reflect their mix of assets to ensure direct comparison. Passive funds are excluded from this calculation as, whilst they have a place as part of a balanced portfolio, Royal London believes in the long-term value added by active management.
5. The Royal London Customer Value Statement (CVS) model tracks seven key pillars of importance across nearly 3,000 Royal London customers twice a year: Communicate, Membership, Resolution, Be Personal, Pay Out, Investment and Reputation. The results are reported by each factor and through an overarching CVS weighted index that represents the percentage of customers rating the company 9 or 10 out of 10 overall.
6. 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.
7. 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.
8. Life and pensions new business sales represent life and pensions business only and exclude 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.
9. 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.
10. Assets under management (AUM) represent the total of assets actively managed by the Group, including funds managed on behalf of third parties.
11. 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.
12. 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.
13. Figures presented throughout are rounded. The capital cover ratios and new business margins are calculated based on exact figures.

Review of the Year

Driven by our Purpose – *Protecting today, investing in tomorrow. Together we are mutually responsible.* – we are focused on growing our business sustainably and deepening our relationships with our customers.

We have a relentless focus on meeting our customers' needs, and the insights we gather help to inform how we improve our products and services. Our Financial Resilience Report, published in May last year, looked at how cost of living challenges in the UK have affected retirement savings and plans. The research identified that, while the financial position of some consumers had improved, people's retirement plans had been affected significantly.

Over the last few years, we have offered dedicated cost of living guidance and resources and believe that financial advice plays an important role in delivering good customer outcomes. Our 2024 Meaning of Value Report found that 66% of consumers who pay for advice said they receive 'good' or 'excellent' value for money from their adviser, an increase of more than a fifth compared to our 2023 study.

With climate-related impacts on society likely to increase, we continue to champion a 'just transition' to a low-carbon economy to play our part in the move to a sustainable world. Decarbonising our investment portfolio, which accounts for the majority of our Scope 3 emissions – the emissions indirectly produced from our business activities – is critical to managing risks and opportunities on our customers' and clients' behalf. When we believe a company we invest in is falling short, we use our voting rights, and our interactions with boards and management, to encourage action on key issues.

We also use our sponsorship partnerships to support positive change across society. Levelling the playing field for women in sport is the objective of our partnership with The British & Irish Lions. At the start of 2024, we announced our role as Founding Partner of the Lions Women's team, ahead of its first ever tour in 2027 to New Zealand.

Enhancing the breadth of our offering

In 2024 we made improvements to our digital experience to help customers build their financial resilience. These included updates to our mobile app and digital portals, such as the option to update beneficiaries, the introduction of retirement planning and pension options tools, and a more personalised Financial Wellbeing service. We introduced a new online system for advisers recommending our pensions. The system has made it easier for advisers to deal with us. It includes streamlined and intuitive 'quote and apply' functionality for new business and has received very positive feedback.

We have built a compelling bulk purchase annuity offer and in September we confirmed our entry into this market. We believe that offering pension scheme trustees a customer-owned provider will be attractive as they look to secure their members' benefits. We are off to a strong start, completing three transactions by the end of the year as we focus on establishing a reputation as an insurer of choice for trustees and their advisers in our chosen markets.

We believe equity release will become an increasingly important option for those with property wealth but insufficient pension savings. Our acquisition of Responsible Life Limited and Responsible Lending Limited in January 2024 has given us a great opportunity to broaden the solutions available to support advisers and customers who are looking for solutions in retirement. In August, we rebranded Responsible Lending to Royal London Equity Release. This has been well received reflecting our brand's strong reputation. In a recent survey 22% of equity release advisers cited that the strength of the Royal London brand is now a key factor in their decision to place business with us.

In July we finalised the acquisition of Aegon UK's individual protection business and as a result strengthened our position in the UK protection market, welcoming nearly 400,000 new customers and their financial advisers to the Group. In addition, we introduced a series of improvements to strengthen and expand the flexibility of our Income Protection proposition, with features specifically for the self-employed, payout limits that reflect today's living costs, and more certainty for customers that their income will be maintained.

Our Asset Management business continued to deliver good investment performance, with new appointments across a range of asset classes enabling us to build on our existing strength and capabilities, including in Global Equities following the departure of some of our team in April. We made good progress as we continued to build our Private Markets capabilities, and in diversifying the range of assets we offer. We believe this will help customers achieve good returns in a wider range of scenarios. Building on our established track record in real estate, and our commitment to responsible investing, we are supporting UK life sciences companies by providing infrastructure in key locations across the 'golden triangle' of Cambridge, Oxford and London. We also successfully completed the acquisition of 21,000 acres of prime UK farmland in March, as part of a joint venture with South Yorkshire Pension Authority.

In Ireland, our strong performance was supported by our focus on growing and enhancing our Pensions offering. This included the launch of our new Personal Retirement Savings Account in November. We are also pleased that enhancements to our product range have helped us to maintain our position as a leader in the Irish broker protection market.

Delivering for customers

Over the last few years, we have adapted to fulfil the obligations of the Financial Conduct Authority's (FCA) Consumer Duty. After meeting the requirements for open books of business in July 2023, we successfully met the requirements for closed books of business ahead of the 31 July 2024 deadline.

We track customer satisfaction through our Customer Value Statement score, which saw an overall increase in 2024 compared to the previous year. Our focus on good customer outcomes, and the strength of our relationships with advisers, also continued to be reflected through the awards we received in 2024. We were named a five-star investment provider for the 11th consecutive year at the annual Financial Adviser Service Awards, while our Pensions and Protection products were awarded four stars. Additionally, there were wins in several categories at the Brokers Ireland Excellence Survey Awards, including, for the seventh year in a row, Service Excellence.

Looking ahead

As we look to the year ahead, we will continue to focus on developing digital journeys, expanding the range of solutions we offer and running our business efficiently, to generate value for our members and strengthen our relationships with customers and clients.

We are well positioned to help customers, employers and advisers navigate the evolving external environment. The Budget announcement last October means pensions will be brought into the inheritance tax regime from April 2027 and, in 2025, we are also expecting the government to consult on the second stage of its pensions review, focusing on the adequacy of outcomes for UK pension savers.

We remain committed to helping customers build their financial resilience to protect their standard of living. By enhancing the breadth of our offering, while growing our business sustainably, we aim to ensure that we continue to provide a strong mutual choice to support customer and client needs.

UK

Market overview

The UK workplace contract-based pensions market continued to grow, benefitting from employment rates remaining relatively high and employees receiving real pay increases. Enhanced transfer activity underpinned increased sales in the individual pensions market. However, as a result of the ongoing cost of living pressures for many, ad hoc and regular customer withdrawals from pension pots increased.

In October, consumer concerns increased around the security of access to tax-free cash through their pensions, based on speculation in the weeks running up to the Autumn Budget. This also contributed to higher levels of withdrawals across the market. However, a reduction in mortgage lending activity over the year led to the size of the individual protection market shrinking.

2024 continued to bring significant focus on delivering value for money in the advice market because of Consumer Duty requirements. Advisers, on balance, are positive about the Duty. At the same time, the increased requirements have led to a reduction in the average number of clients being served by advisers, as they have adjusted their business models to service clients while meeting the new regulation.

Industry research in the year suggested the advice gap – the number of people who are not receiving financial advice due to factors such as cost, accessibility, and lack of awareness – is increasing. This has been widely recognised for some time and, in December, the FCA set out its initial proposals for the Advice Guidance Boundary Review, which aims to support more customers in making more informed decisions when considering their financial needs.

At the same time, the pace of technological change and innovation designed to help increase customer financial understanding continues to accelerate across the industry. We continue to invest in systems to enable increased engagement with advisers and customers, alongside reducing barriers to customers building their financial resilience.

Business performance

Strong new business growth across all our main product lines supported a significant increase in UK operating profit to £368m (2023: £330m). We saw increased levels of new business sales across both Workplace and Individual Pensions as well as Protection, with our workplace market share continuing to increase.

Customers and advisers benefitted from our ongoing focus on improving technology through enhancements to digital services and support. These improvements included the launch of a new contribution guidance tool and further enhancements to our pension consolidation service, helping to deliver a 39% increase in the number of workplace pensions transferring to Royal London in 2024.

We continue to focus on supporting customers to understand their savings, income and protection options. During the year we launched a series of retirement guidance journeys on our app to support our customers in making good retirement decisions. Throughout the year Royal London's Trustpilot score was over four out of five, reflecting the level of service provided for customers.

We track customer satisfaction through our Customer Value Statement (CVS) score across seven aspects that are important to customers (Communicate, Membership, Resolution, Be Personal, Pay Out, Investment and Reputation). Since 2020, when the measure was introduced, we have seen an 11 percentage point rise in customers who scored Royal London as 9 or 10 out of 10 across the seven measures to 43%, with a 3 percentage point rise since 2023.

Pensions

Our Workplace Pensions business grew over 2024, with new business sales increasing by 19%. Over the year we welcomed 966 new Workplace Pension scheme employers (4% up on 2023) and 240,000 new scheme members, in line with 2023. This reflects our continued investment in the Workplace offering, including the introduction of client management capabilities to support schemes and enhancing our communications offer, which has led to increased success in winning larger schemes and growth in sales. Our continuing growth was also supported by a significant increase in pension consolidation volumes. Our flagship Governed Range, where most Workplace Pension customers are invested, attracted net inflows of £3.2bn in 2024, building on the £3.2bn of net inflows in 2023, with AUM at 31 December 2024 rising to £72bn (31 December 2023: £61bn). Our Workplace AUM grew 24% over 2024 to £31bn, reflecting strong net inflows of £3.0bn and market growth.

During 2024, to support customers looking to consolidate their pension pots, we made further enhancements to our online pension transfer hub, including automating how requests are made to other providers, reducing turnaround times for customers. We have also reduced the time and effort to complete transfers by streamlining the process. An increasing number of customer requests are now made digitally via our mobile app, giving customers the opportunity to manage their pension savings in one place and simplifying how they plan for their future.

We continued to develop tools to help customers gain a better understanding of their financial position, building on the success of the Financial Wellbeing service launched the previous year. These included the introduction of our retirement income and lifestyle planner, and a calculator for customers to establish their pension lump sum allowance. Between them we have seen over 10,000 customers utilising these services.

We have launched 'voluntary scheme pays' for Workplace Pension schemes, allowing scheme members with an annual allowance charge to pay it from their plan. We have also developed video benefit statements for Workplace customers that provide a more creative digital representation of the information in paper statements, as we seek to support customers to build their understanding of their pension savings.

New business sales from Individual Pensions increased by 12% to £4,850m, with 26% growth in single premium transfers and non-advised drawdowns reaching £643m. We saw an improved tax year end, and higher sales pre-Budget, as customers sought to maximise their annual allowances. In December we launched our new online service for advisers. Digitised illustrations, client alerts, communications and digital drawdown capabilities are now available under the service.

Protection

The overall size of the Individual Protection market decreased as a result of lower mortgage sales. Our market share increased year on year as we continued to evolve and improve our offering. 99% of protection claims were paid out during 2024, providing £702m to over 61,000 customers and their families.

In July 2024, we completed the Part VII transfer of Aegon UK's closed book of individual protection business, with nearly 400,000 customers transferring to Royal London. We now support over 1.2 million advised protection customers and continue to build on the strength of our proposition and reputation in this area.

We have continued to focus on delivering good outcomes for customers throughout their lives. Nearly a quarter of a million customers are now registered on the My Royal London portal, enabling them to access valuable information to help them understand their plans and options. We have had a particular focus on ensuring that customers who are considering cancelling their policies understand the valuable benefits they could lose. This has led to many of them choosing to retain their policies and reduce their cover, instead of cancelling completely.

We also help advisers by notifying them when customers' premiums have stopped, to allow them to explore alternative options to support customers' financial resilience. Enhancements to our proposition in 2024 included a refresh of our Income Protection proposition, to enable more customers to have the right cover, online trust arrangements to include whole of life cover and, in an industry first, allowing people cohabiting together to be named as beneficiaries. We have also introduced improvements to enable more accurate pricing for ex-smokers and launched a new 'joint life second death' product – which provides a payout on the second person covered in a joint policy if they die or are diagnosed with a terminal illness – to support inheritance tax planning.

Annuities and Later Life

We finalised an internal bulk purchase annuity buy-in transaction in January 2024 to insure a subset of members of the Royal London Group Pension Scheme. Since then, we have continued to build our capabilities in this area, announcing our entry into the external bulk purchase annuity market on 30 September 2024. During the second half of the year, we completed three full scheme buy-in transactions with external pension schemes. In total, we transacted over £500m of bulk purchase annuity premiums over 2024, including £187m for external schemes. As the only mutual offering in the market, the launch has been well received, and we already have a good pipeline of business for 2025.

Our Individual Annuity proposition is available to longstanding customers invested in the Royal London (CIS) Fund with pension policies that have guaranteed annuity rates. The total new business volumes over 2024 were stable at £165m (2023: £162m), in line with expectations.

Following the completion of our acquisition of the later life lending and product specialists, Responsible Life Limited and Responsible Lending Limited, at the end of January 2024, we rebranded Responsible Lending under the Royal London brand as Royal London Equity Release.

Reflecting our belief that impartiality can benefit customers, our advice service, Royal London Equity Release Advisers, offers access to specialist whole-of-market advisers for equity release and other later-life lending products, such as retirement interest-only mortgages.

Longstanding customers

A key focus throughout 2024 for longstanding customers was on the Consumer Duty. As a result of the improvements we have delivered in recent years, we successfully met the requirements for closed books of business ahead of the 31 July 2024 deadline. We also established a new longstanding customer proposition team to deliver oversight and improvements.

As well as meeting Consumer Duty requirements, we have been improving our engagement with our longstanding customers. We have a strong focus on product and experience improvement and are committed to ensuring that our longstanding customer proposition evolves to continue to meet their changing needs.

Looking ahead

Changes announced in the UK Autumn Budget, such as bringing pensions under the inheritance tax regime, are a timely reminder of the value of independent financial advice. However, we recognise it is not affordable or accessible for all, so we continue to invest in financial guidance and embedding this into our digital tools and experiences. We also welcome the FCA's ongoing work to introduce 'targeted support' as another option for customers, bridging the gap between the guidance and full advice available today, to get the help they need. We believe that by developing digital tools, alongside continuing to invest in underlying technologies, we will help our customers and advisers to navigate short-term challenges, supporting the ability of our customers to build their financial resilience.

Asset Management

Market overview

For much of 2024, market focus was on high inflation across developed economies and the use of higher interest rates by central banks to combat these inflationary pressures. The year began with market expectations that inflation would fall sharply and that central banks would cut interest rates early and several times. These expectations changed as the year progressed, with inflation data generally higher than expected with central banks only starting to cut rates in the summer.

In the UK Institutional market we operate in, continued high interest rates coupled with actions taken post the LDI crisis in 2022 mean that many pension schemes have closed their funding gaps sufficiently to move to buy-out. The consequence of this is that asset managers such as RLAM lose directly managed assets as companies move to insured solutions. However, RLAM benefits from managing the assets for the Group's bulk purchase annuities proposition. Further pooling within Local Government Pension Schemes announced by the government also poses additional risks to our business. As a result, we continue to diversify and grow our distribution capability outside the UK, seeking opportunities in established markets such as Australia.

Within the wider investment management sector, several longer running trends are still evident, including the move from domestic to globally focused strategies, increased allocations to private market assets and a preference for passive over active management in core asset classes. While the pace behind sustainable investing has slowed, clients remain interested in climate change and the journey towards net zero.

Investors are increasingly looking for personalised investment solutions rather than off-the-shelf products and are achieving this through developing deeper relationships with fewer managers. Our insurance heritage means we already offer solution-orientated products to our parent and consider ourselves to be in a prime position to externalise this capability.

Personalisation is also becoming key for all our clients across marketing engagement, the sales process, customer engagement and retention. Improving our client experience remains a key part of our plans and we intend to further invest in the technology which supports our client-facing functions.

Business performance

Operating profit decreased in 2024 to £59m (2023: £62m). While revenues increased driven by strong markets, we have continued to build capability organically in our existing Real Estate business, where we are developing into alternative segments, and in our new Private Assets business.

Our strategy to expand in private markets has progressed well, with the recruitment of key personnel in 2024, and we expect to launch a range of new products and sub-strategies in 2025. While this requires a significant initial investment in capability, it further diversifies the business from our core liquid asset capability and increases fee margins in an increasingly fee constrained environment.

There were net external outflows in Global Equities of £4.3bn during the year following the departure of a number of members of the Global Equities team. While significant levels of AUM have been retained and we have successfully recruited new members of the team, there will be a full year impact on revenues in 2025 from the outflows during 2024. Our strategy to grow investment capabilities while focusing on delivering good outcomes for clients and providing outstanding customer service is unchanged, and there is no change to the investment approach which underpins our equity capabilities.

Our Property team has an established track record as a long-term investor in Real Estate and we have extended this with the purchase of our first natural capital asset, acquiring one of the UK's largest prime farmland assets for £260m. We also made the first investments into our UK Living strategy with the purchase of three sites in Bracknell, Slough and Barking, which will result in the provision of over 500 apartments.

Flows and funds

Delivering above-benchmark investment performance is central to our ability to attract and retain clients for the long-term success of the business. Investment performance of actively managed funds⁴ remains good with 60% (2023: 96%) outperforming their three-year benchmark on an AUM weighted basis over the three years to 31 December 2024. Consistent with previous years, this measure is calculated using a weighted average of active assets under management for funds with a defined external benchmark. The equally weighted measure, which measures the number of funds outperforming their three-year benchmark divided by the total number of in-scope funds, was 81% (2023: 89%). Peer rankings are positive for key open-ended investment companies (OEICs), with 64% (2023: 87%) of funds in the top two quartiles over the three-year period.

The Group's assets under management grew over the year to £173.4bn (2023: £162.3bn), driven predominantly by positive market movements of £12.1bn offset by net outflows of £1.0bn.

Net outflows over the year of £1.0bn (2023: net inflows of £4.2bn) comprised £2.4bn of external net outflows and £1.4bn of internal net inflows. Net flows were impacted by £4.3bn of external net outflows from Global Equities strategies. External net inflows across other strategies improved to £1.9bn (2023: £0.7bn) reflecting the benefits of our diversified capabilities and included net inflows into Property and Sterling Credit. Our Wholesale team also performed well in the year being the top active asset manager^b in the UK for gross flows in this channel in 2024.

Internal net inflows increased to £1.4bn (2023: £0.9bn) driven by positive net Workplace Pensions inflows supported by the bulk purchase annuity buy-in policies transacted with the trustees of the Royal London Group Pension Scheme (RLGPS) in January and with other third-party pension schemes.

Responsible investment

Our Asset Management business adopts a distinct approach to active management. As part of a customer-owned mutual, it is not driven by short-term shareholder demands. Instead, we prioritise our clients, focusing on long-term investment returns. We are committed to responsible investing. We believe that well-managed companies make better long-term investments. Being trusted stewards of our clients' assets has been central to our history and will continue to be vital in our future. This aligns with Royal London's strategic goals which naturally support a strong responsible investment ethos.

We believe that effective responsible investment benefits society and yields better results for our investors. Recognising the opportunities in this area, we are committed to evolving our approach, investing in our people and infrastructure to contribute to a sustainable world. For example, we applied a low-carbon and governance tilt strategy to our £5.6bn^c Emerging Market equities fund in December. Most of the assets are within RLMIS portfolios, with the solution expected to reduce our carbon exposure.

However, we also acknowledge the limitations of our influence, which is why we believe transparency is essential in our messaging to customers, clients and society.

Looking ahead

As a predominantly UK business, expanding our distribution capability and improving client experience is key to future growth. We will make further investments in technology in our client-facing functions following the successful implementation of the BlackRock Aladdin investment management technology platform in 2023 and will extend our ability to service overseas clients, for example in Australia where we have assets under management of £2bn.

We will also continue to invest for the longer term in new capabilities to support the insurance business and external clients. This ongoing investment will be funded by the profits of the existing business over the next two to three years but will support further growth in the future.

^b Source: The Pridham Report December 2024

^c As at 31 December 2024

Ireland

Market overview

The economy in Ireland remained strong in 2024, with Modified Domestic Demand, a measure of underlying Irish economic performance, showing growth of just over 3%. The Irish government implemented a number of cost of living benefits which, when coupled with reductions in inflation and cuts in European Central Bank (ECB) interest rates, were positive for consumers.

Economic growth had a positive impact on the overall life assurance market in Ireland, for both protection and pension business product lines in which Royal London Ireland is active. Financial brokers, the only distribution channel used by Royal London Ireland, continue to retain the largest share of the market.

Business performance

2024 was another successful year for our business in Ireland, delivering a 29% growth in new business sales to £297m. Our continuing new business growth across Protection and Pensions, combined with lower investment costs as the development of our Pensions proposition concluded, resulted in operating profit doubling to £10m (2023: £5m).

The strength of our holistic Protection offering, aided by launching a range of service and customer-centric product enhancements, meant we retained our position as the largest provider of protection to financial brokers, but by mid-year had also grown to become the largest provider of protection in Ireland overall.

Our Pensions business, which was launched in September 2022, has seen positive progress throughout 2024 and in November we launched the next phase of our Pensions business in Ireland, a regular premium Personal Retirement Savings Account (PRSA), which was built using insights gained from broker and consumer research. To support its launch, we ran a nationwide advertising campaign on national and local radio, local press and online, encouraging people to contact a financial broker for independent financial advice.

Protection

Protection new business sales for 2024 were £188m (2023: £179m). We remained focused on delivering service excellence and proposition enhancements, which included improvements to our Specified Serious Illness offering. This now offers coverage for 112 illnesses, including 13 new cancer-related partial payments, which are more than those offered by any other provider in the Irish market. We were able to deliver these developments without any impact on our price positioning. We also made improvements to our product that combines Specified Serious Illness covers with Mortgage Protection, adding dual and conversion options, based on broker and customer insight and feedback.

As a result, we have seen an increase in brokers placing new business for these product lines with us and continue to see positive activity through other Protection product propositions, which allow customers and their families to protect themselves and build their financial resilience.

In July, we added a new Protection portal for customers, enabling them to receive their policy documents online rather than through the post. As well as helping to make things more convenient for customers, this also supports efforts within our business to reduce paper use.

In 2024, we paid out 98% of claims, £49m in total. Our Helping Hand service continued to offer additional support by providing access to nurse advisers, counselling and other valuable services.

Pensions

Throughout 2024, we continued to work with financial brokers to highlight the strength of our Pensions product, fund, service and technology offering, as we reach our second full year operating in the pensions market. In May 2024, we announced our second ValueShare award, the Ireland equivalent of ProfitShare, resulting in a boost to customers' policies with an uplift of 0.13% for all those eligible. ValueShare is unique in Ireland and demonstrates the tangible benefits of our mutuality.

The strength of our proposition is recognised and we increased the number of brokers supporting us by 78% in 2024, helping to grow sales volumes for our Approved Retirement Fund (ARF) and Personal Retirement Bond (PRB). As a result, our Pensions new business sales more than doubled to £109m (2023: £51m).

In November 2024, we launched the second phase of our Pensions business in Ireland through the introduction of our PRSA, designed to provide a regular premium product that offers flexibility for customers. It is suitable for a range of people, from the self-employed to a company director or employees who are not members of a company pension scheme.

We worked closely with financial brokers to design our PRSA and PRSA AVC products and to develop the pricing model, fund offerings, personalised service, and features, like ValueShare. Initial feedback from brokers has been extremely positive given the additional choice provided to their clients.

Looking ahead

The Irish life and pensions market continues to be driven by enhanced digital journeys and an expanded range of solutions. We remain a firm advocate of the benefits of independent financial advice and are focused on delivering the best possible outcomes for customers and brokers. We are committed to continuing to deliver outstanding customer service while enhancing our Protection and Pensions offerings to meet customers' evolving needs.

Financial Review

Group operating profit before tax for the year ended 31 December 2024 increased to £277m (2023: £249m), supported by a growing book of in-force business and increased new business contribution across all our main product lines. Strong growth in Workplace Pensions due to a rise in both transfer volumes and the number of new schemes won helped new business contribution grow overall by 14% to £209m. This was also supported by our successful launch into the bulk purchase annuities market.

Asset Management contribution increased by £3m driven by one-off fees received for new mandates and increases in average AUM due to market growth despite overall net outflows. Whilst gross inflows increased by £1.9bn, supported by net inflows within our Wholesale business and Property strategies, there were overall net outflows for the period of £1.0bn, primarily driven by £4.3bn of net external outflows in our Global Equities strategies.

ProfitShare for the year totalled £181m (2023: £163m), with underlying allocation rates maintained at prior year levels, again demonstrating our consistent approach to sharing returns with eligible customers.

The transfer to the fund for future appropriations (FFA) was £167m (2023: £382m), with positive economic movements largely offset by ProfitShare allocations. These results demonstrate our ability as a mutual to deliver consistent and sustainable returns for our members, while also taking a longer-term view and continuing to invest in our future capabilities.

Our capital position remains robust with an estimated Solvency II Investor View capital cover ratio of 203% (31 December 2023: 218%) with our hedging programmes continuing to operate as intended. The reduction is mainly driven by changes to the level of equity hedging, as we seek to manage the capital position within our capital management framework. The estimated Solvency II Regulatory View capital cover ratio decreased to 196% (31 December 2023: 206%).

Group operating profit before tax

The following table shows the Group operating profit before tax for the year ended 31 December 2024. Further details of the Group's segmental reporting is included in note 2 of the Financial Statements.

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

New business contribution

New business contribution increased to £209m (2023: £184m) due to an increase in trading volumes across our key businesses, with new business sales increasing on a present value of new business premiums (PVNBP) basis by 17% to £10,804m (2023: £9,253m). We saw a 19% increase in Workplace Pensions due to a rise in both transfer volumes and the number of new schemes won. Sales of Individual Pensions also grew by 12%, driven by an increase in volumes in our Income Release product. New business sales were further boosted by our entry into the bulk purchase annuities market, delivering £187m of sales in the second half of the year. Overall, new business margin reduced slightly to 1.9% (2023: 2.0%).

	New business contribution		PVNBP		New business margin	
	2024	2023	2024	2023	2024	2023
	£m	£m	£m	£m	%	%
Individual Pensions	66	65	4,850	4,346	1.4	1.5
Workplace Pensions	85	71	4,459	3,753	1.9	1.9
Protection	27	23	846	760	3.2	3.0
Bulk Purchase Annuities	7	-	187	-	4.0	-
Individual Annuities and other	11	14	165	164	6.6	8.5
UK	196	173	10,507	9,023	1.9	1.9
Ireland	13	11	297	230	4.3	4.8
Total	209	184	10,804	9,253	1.9	2.0

UK

Individual Pensions new business sales increased by £504m to £4,850m, driven by increased volumes in our non-advised Income Release proposition, with non-defined benefit single premium transfers performing well. While the growth in Income Release volumes resulted in a slight decrease in new business margin to 1.4%, overall new business contribution increased to £66m (2023: £65m).

Workplace Pensions saw growth in new business sales of 19% due to increased transfer volumes, partly due to an increasing number of customer requests through our mobile app, combined with growth in the number of new schemes won during the year by 4%. This resulted in an increase in new business contribution to £85m (2023: £71m), with margins maintained at 1.9%.

Protection new business sales increased by 11% with higher volumes across our whole of life, menu and funeral plan propositions, with increased volumes within our large case proposition. New business margin increased to 3.2% due to the change in product mix, which resulted in new business contribution increasing to £27m (2023: £23m).

Following our launch into the bulk purchase annuities market during the second half of 2024, we have successfully transacted with three external pension schemes, generating new business sales of £187m at a new business margin of 4.0%. Both current and prior year metrics exclude the impact of bulk purchase annuity buy-ins transacted with the Group's defined benefit pension schemes.

Individual Annuities and other new business sales were £165m (2023: £164m). New business contribution decreased to £11m (2023: £14m) due to increased acquisition costs resulting in margins declining to 6.6% (2023: 8.5%).

Ireland

New business sales grew to £297m (2023: £230m), primarily through increased Pensions sales of £109m (2023: £51m) as we continue to build market share since the launch of the proposition in 2022. Protection new business sales were £188m (2023: £179m) as we maintained our position as the market leader in the Irish intermediary market. New business contribution increased to £13m, while new business margin decreased to 4.3% (2023: 4.8%) reflecting the continued growth of the Pensions business.

Existing business contribution

Existing business contribution increased to £289m (2023: £236m), summarised in the table below.

	2024 £m	2023 £m	Change £m
Expected return	255	194	61
Experience variances and assumption changes	(9)	28	(37)
Modelling and other changes	43	14	29
Total	289	236	53

Expected return for the year increased by £61m due to the growth in the investment portfolio during 2023, meaning there were higher surplus assets at the start of 2024, and enhancements to the calculation methodology, partially offset by a small overall reduction in risk premia.

Experience variances and assumption changes continued to be relatively benign overall with a charge of £(9)m (2023: gain of £28m). This includes the positive impact of higher than expected Workplace Pensions premiums received during the year which was more than offset by a charge for persistency assumption changes, particularly in respect of expectations over the assumed level of pension transfers as customers consolidate their pension pots. The expense assumptions have also been updated to take account of the higher levels of National Insurance Contributions from April 2025 announced in the Autumn Budget.

Modelling and other changes were a gain of £43m (2023: £14m) as part of ongoing activities to ensure our actuarial models remain as reliable as possible.

Contribution from AUM and other businesses

Contribution from AUM and other businesses decreased to £81m (2023: £84m). Our Asset Management segment delivered a £3m increase due to market growth and higher performance fees, offset by the impact of net outflows in Global Equities following the departure of a number of members of the Global Equities team in the first half of the year. Contribution from our Asset Management businesses is expected to be lower in 2025 as a result of the full year impact on revenues of the Global Equities outflows in 2024 and the ongoing build of new capabilities which will support further growth in the future.

The contribution from our other businesses reduced following the sale of the general insurance and healthcare elements of the Police Mutual business in February 2024 and the investment we are making into our Equity Release propositions following our acquisition of the remaining stakes in Responsible Life Limited and Responsible Lending Limited.

Business development costs

Business development costs increased to £54m (2023: £40m) as we continued to strengthen our propositions in our UK and Asset Management segments. In the UK we have continued to focus on enhancing our Pensions and Protection propositions and delivering the changes required by Consumer Duty for our longstanding customers. Asset Management has invested in new propositions and capabilities in addition to continuing to invest data and technology.

Strategic development costs

Strategic development costs of £71m (2023: £61m) represent the costs of ongoing investment we are continuing to make across our businesses. This includes £58m of costs in our UK business (2023: £40m) including the development of our Bulk Purchase Annuity capabilities and the continuing investment into our Pensions propositions with the launch of the new online service for advisers incorporating streamlined 'quote and apply' functionality. Other costs in the UK include investments into our underlying Protection systems. Asset Management costs of £8m (2023: £15m) relate to the decommissioning of legacy platforms following the successful implementation of the BlackRock Aladdin investment management technology platform in 2023. Costs in Ireland include the final phase of the development of our Pensions proposition of £5m (2023: £6m).

Amortisation of intangibles

Amortisation of intangibles relates to capitalised software assets which became available for use in the second half of 2023, resulting in a higher charge than the prior year.

Corporate items and financing costs

The net charge for Corporate items of £73m (2023: £63m) includes costs arising from strengthening the Group's operational resilience, investment in our data capabilities, regulatory change costs and defined benefit pension scheme items.

Financing costs of £87m (2023: £85m) represent the interest payable on the Group's subordinated debt and have increased due to the higher interest costs of the RT1 debt issued in May 2023 as compared to the previous Tier 2 debt that was repaid.

Reconciliation of operating profit before tax to transfer to the FFA

The transfer to the FFA of £167m (2023: £382m) was lower than our operating profit as positive economic movements were more than offset by ProfitShare allocations and tax.

	2024 £m	2023 £m	Change £m
Group operating profit before tax	277	249	28
Economic movements	179	391	(212)
Charges arising from mergers and acquisitions	(15)	(10)	(5)
ProfitShare	(181)	(163)	(18)
Profit before tax and before transfer to the fund for future appropriations	260	467	(207)
Tax attributable to long-term business	(93)	(85)	(8)
Transfer to the fund for future appropriations	167	382	(215)

Economic movements

Economic movements include short-term investment return variances from our longer-term expected return assumptions on the surplus assets of the Royal London Main Fund and the impact of changes to economic assumptions used to value liabilities. This amount therefore includes the impact on the FFA of market value movements and interest rate changes over the year.

During 2024, economic movements were a gain of £179m (2023: £391m). This gain was mainly driven by changes to economic assumptions used to value liabilities, primarily due to the increase in risk-free rates over the year of between 70 and 90bps depending on duration, partially offset by investment returns being slightly below our longer-term expected return assumptions.

Charges arising from mergers and acquisitions

Charges arising from mergers and acquisitions comprises amortisation of goodwill and other gains or losses arising from corporate transactions, including the sale of the general insurance and healthcare elements of Police Mutual to Bspoke Group, the acquisition of the remaining stakes in Responsible Life Limited and Responsible Lending Limited during the year and adjustments in respect of prior acquisitions.

Responsible Life is a later life mortgage broker, while Responsible Lending is a later life mortgage lender. The consideration payable for the transaction was an initial £12m, plus up to an additional £11m based on subsequent business performance. This resulted in the recognition of goodwill of £18m which is now being amortised.

ProfitShare

ProfitShare represents an allocation of part of the Group's profits by means of a discretionary enhancement to asset shares and unit fund values of eligible policies.

ProfitShare allocation rates for 2024 were maintained, with total ProfitShare for the year increasing to £181m (2023: £163m). The enhancements to qualifying policies from ProfitShare were 1.2% for existing With Profits policies taken out prior to 2022 and 0.3% for With Profits policies taken out subsequently (2023: 1.2% and 0.3% respectively). Unit-linked policies received an enhancement of 0.15% (2023: 0.15%).

Balance sheet

Royal London's balance sheet position is robust. Our total investment portfolio increased in value to £124.6bn (31 December 2023: £113.7bn), as a result of net internal flows and increases in fair value primarily in equity and bond asset classes. At 31 December 2024, £1,818m of assets were ring fenced (31 December 2023: £1,347m) to back annuitant liabilities net of reinsurance of £1,748m (31 December 2023: £1,279m). The ring-fenced portfolio of assets continues to grow as our Bulk Purchase Annuities proposition builds scale and it includes a mix of corporate bonds, gilts, cash, commercial real estate loans and private placement debt. We expect to add additional asset classes to the ring-fenced portfolio over the course of 2025.

Our financial investment portfolio remains well diversified across a number of financial instrument classes, with the majority invested in equity securities and fixed income assets.

A significant portion of our debt securities portfolio is in high-quality assets with a credit rating of 'A' or above. In our non-linked portfolio, 78% (31 December 2023: 77%) of our non-linked debt securities and 69% (31 December 2023: 68%) of our non-linked corporate bonds had a credit rating of 'A' or better at 31 December 2024. There have been no significant defaults in our corporate bond portfolio.

Assets under management

Assets under management (AUM) increased to £173bn (31 December 2023: £162bn), driven by positive market movements of £12bn offset by net outflows of £1bn.

	Gross inflows		Net inflows/(outflows)	
	2024 £m	2023 £m	2024 £m	2023 £m
External flows	20,280	20,187	(2,432)	3,308
Internal flows	11,545	9,717	1,395	895
Total	31,825	29,904	(1,037)	4,203

External net outflows were £2.4bn (2023: £3.3bn net inflows) which were impacted by £4.3bn of net outflows from Global Equities strategies, as compared to net inflows of £2.7bn during 2023. Net inflows from other strategies totalled £1.9bn (2023: £0.6bn), including £0.4bn into our Property strategies and £1.4bn into Sterling Credit.

Internal net inflows increased to £1.4bn (2023: £0.9bn) driven by positive net Workplace Pensions inflows and the bulk purchase annuity buy-in policies transacted in the year.

Investment returns

Equity markets continued to rise over 2024, ending the year close to all-time highs following consecutive years of double-digit returns. The S&P 500 index gained over 25% on the year, with a small number of large technology stocks responsible for a significant portion of the overall market gains, a trend which accelerated in the fourth quarter following the US election.

Although there were two rate cuts in the UK during the year, these largely only impacted short-dated gilts, with longer equivalents rising, due to inflation not decreasing as expected and higher issuances than expected. As a result, UK 30-year gilt yields ended the year at 25-year highs, bringing overall returns into negative territory. However, corporate bonds produced positive returns, more than offsetting the negative impact of higher gilt yields with the higher yield available on this asset class.

In this environment, the overall return on assets in the RL Main Fund was 5.1% in 2024.

Pension schemes

The Group operates three defined benefit pension schemes. The net surplus of the three schemes at 31 December 2024 was £164m (31 December 2023: £177m). The largest scheme, the Royal London Group Pension Scheme (RLGPS), had a surplus of £108m as at 31 December 2024 (31 December 2023: £121m). The scheme remains well funded, with high levels of hedging within the scheme and relatively low allocations to growth assets.

The Group's two other schemes operate for former Royal Liver employees. The Royal Liver UK and Royal Liver Ireland schemes are similarly well funded and had surpluses as at 31 December 2024 of £23m and £33m respectively (31 December 2023: £23m and £33m).

On 31 January 2024 the trustees of the RLGPS Scheme transacted a bulk purchase annuity buy-in policy with RLMIS, covering approximately 18% of liabilities related to the scheme, following the full buy-in of the Royal Liver UK scheme in 2023.

Strength of our capital base

The strength of our capital base is essential to our business, both to ensure we have the capital to fund further growth and to give peace of mind to our customers that we can meet our commitments to them.

Managing our capital base effectively is a key priority for us. In common with others in the industry, we present two views of our capital position: an Investor View for analysts and investors in our subordinated debt, and a Regulatory View where the closed funds' surplus is excluded as a restriction to Own Funds.

We review our capital management framework regularly, although we would not expect the ranges we manage our capital within to change frequently. On an Investor View basis, we manage the solvency coverage ratio (the investor ratio) within an acceptable range, the lower end of which is 165%. In practice, we expect to operate with an investor ratio above 180% under normal circumstances. Given the business is managed for the benefit of its members on a long-term basis, the level of the investor ratio of the business may be higher to provide flexibility for future investment in the business.

The capital position of the closed fund is managed on a standalone basis. We expect the Regulatory View solvency coverage ratio to be above 150% under normal circumstances.

At 31 December 2024, the estimated Solvency II Group Investor View capital cover ratio was 203% (31 December 2023: 218%) and the estimated Solvency II Group Regulatory View capital cover ratio was 196% (31 December 2023: 206%). Estimated solvency surplus on both the Group Investor and Regulatory View was £2,745m (31 December 2023: £2,880m).

Key metrics	31 December 2024 (estimated)	31 December 2023
Regulatory View solvency surplus	£2,745m	£2,880m
Regulatory View capital cover ratio	196%	206%
Investor View solvency surplus	£2,745m	£2,880m
Investor View capital cover ratio	203%	218%

The reduction in both Regulatory and Investor View cover ratios is mainly driven by changes to the level of equity hedging which reduced both ratios by 8%, as we seek to manage the capital position within our capital management framework. In addition, the capital ratio includes the effect of changes in the short-term asset mix of the funds over the year end and the initial capital strain from writing bulk purchase annuities. We expect the investor ratio to reduce gradually over the short term as we write more bulk purchase annuity business and continue to invest in additional capabilities.

We continue to monitor closely our capital position given market volatility and wider global economic pressures. Scenario testing performed as part of our regular capital management activities demonstrates that our capital position continues to be robust under a number of severe but plausible market scenarios.

The estimated Solvency II leverage ratio^d is 22% (31 December 2023: 22%), with the level of outstanding debt unchanged over the year.

Sensitivity analysis of Group Solvency II capital position

Our capital position is sensitive to changes in economic and non-economic assumptions. The 'Solvency II Investor View sensitivities' table below sets out a sensitivity analysis of the estimated capital cover ratio and solvency surplus based on possible different scenarios. The results of the sensitivity analysis show that the Group capital position is not materially impacted even in the event of significant external market volatility.

The 2024 Single Group Solvency and Financial Condition Report (SFCR) will be published on our website in April 2025 and will meet disclosure requirements for both the Group and the Company.

^d 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)

Scenario ^e	Investor View capital cover ratio (%)	Impact on solvency surplus (£bn)
Base scenario: 31 December 2024	203	2.7
25% decrease in equity investments	6	(0.1)
15% decrease in property prices	(1)	(0.1)
100bps rise in interest rates ^f	3	-
100bps fall in interest rates ^f	(5)	(0.1)
25bps increase in government bond yields ^g	(1)	-
200bps widening in credit spreads ^h	3	-
20% of assets downgrading in MA Portfolio ⁱ	(1)	-
15% fall in GBP exchange rates ^j	(3)	-

Solvency II reform

Following the changes to the Solvency II risk margin at 31 December 2023, further changes have been implemented by the PRA to reform Solvency II reporting over 2024. The changes from the reform should allow capital to be used more effectively, while continuing to ensure that customers are protected and providing simplification to processes for insurers in key areas such as Internal Model change and reporting.

Over 2024, we have implemented changes linked to the MA portfolio to allow for more granular assessments of credit ratings and the removal of the cap applied on sub-investment grade assets. We have also reviewed the fundamental spread used to calculate the MA to ensure it reflects all retained risks. None of these changes are material given our current MA portfolio and the assets which we hold.

Rating agencies

Two leading agencies, Standard & Poor's (S&P) and Moody's, regularly issue ratings on us. We carry an 'A' rating from S&P Global Ratings with a stable outlook and an 'A2' rating with Moody's, also with a stable outlook.

Tax

We are a major taxpayer and recognise that taxation is an essential way businesses and citizens contribute to society.

We are subject to various taxes, including corporate taxes, employment taxes on salaries and indirect taxes such as VAT. The corporation tax that the Company pays is a proxy for policyholder tax liabilities, paid on behalf of certain life assurance policyholders. For these life policies, tax is charged on taxable income, less expenses, and is largely driven by market movements. This tax is paid directly to HMRC by the Company as corporation tax on behalf of policyholders.

For pension policies, returns to the policyholder accumulate without incurring a similar corporation tax charge. This is part of the UK government's strategy of incentivising saving for retirement. Tax is paid directly by the pension policyholder when they receive their pension.

In 2024, the total tax contribution of the Group was £651m (2023: £566m), made up of the taxes borne of £132m (2023: £92m), i.e. taxes incurred by the Group that impact our results, and taxes collected of £519m (2023: £474m), that are administered by the Group and collected from others for onward payment to HMRC and other tax authorities.

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

^f 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.

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

^h 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 rate and Volatility Adjustment have been reassessed in the stressed scenario.

ⁱ 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.

^j 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.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are set out in the 'Principal risks and uncertainties' section of the Strategic Report within Royal London's 2024 Annual Report and Accounts (ARA) (royallondon.com/about-us/our-performance/investor-relations/).

The risks and uncertainties continue to be monitored and managed through our risk management system, including those related to the economy and Royal London's key markets, the risks associated with climate change and cyber security, and the political and regulatory environment.

Forward-looking statements

Royal London may make verbal or written 'forward-looking statements' within this announcement, 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 report. 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 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.

As a result, Royal London's future financial condition, performance and results may differ materially from the plans, estimates and projections set forth in Royal London's forward-looking statements. Royal London undertakes no obligation to update the forward-looking statements in this announcement or any other forward-looking statements Royal London may make. Forward-looking statements in this announcement are current only at the date on which such statements are made. This announcement has been prepared for the members of Royal London and no one else. None of Royal London, its advisers or its employees accept or assume responsibility to any other person and any such responsibility or liability is expressly disclaimed to the extent not prohibited by law.

The Royal London Mutual Insurance Society Limited is registered in England and Wales (99064) at 80 Fenchurch Street, London, EC3M 4BY. www.royallondon.com

Financial Statements

Consolidated statement of comprehensive income

for the year ended 31 December 2024

	Group	
	2024	2023
Technical account – long-term business	£m	£m
Gross premiums written	1,851	1,481
Outwards reinsurance premiums	(358)	(458)
Earned premiums, net of reinsurance	1,493	1,023
Investment income	4,643	6,227
Unrealised gains on investments	5,046	2,443
Other income	728	626
Total income	11,910	10,319
Claims paid		
Gross claims paid	(3,318)	(3,095)
Reinsurers' share	616	606
Change in provisions for claims		
Gross amount	11	23
Reinsurers' share	46	(30)
Claims incurred, net of reinsurance	(2,645)	(2,496)
Change in long-term business provision, net of reinsurance		
Gross amount	268	22
Reinsurers' share	12	36
	280	58
Change in technical provision for linked liabilities, net of reinsurance	(8,247)	(6,383)
Change in technical provisions, net of reinsurance	(7,967)	(6,325)
Change in non-participating value of in-force business	309	302
Net operating expenses	(652)	(737)
Investment expenses and charges	(409)	(346)
Other charges	(286)	(250)
Total operating expenses	(1,347)	(1,333)
Profit before tax and before transfer to the fund for future appropriations	260	467
Tax attributable to long-term business	(93)	(85)
Transfer to the fund for future appropriations	167	382
Balance on technical account – long-term business	-	-
Other comprehensive income, net of tax:		
Remeasurement of defined benefit pension schemes	(7)	(22)
Foreign exchange rate movements on translation of Group entities	(10)	(5)
Deduction from the fund for future appropriations	(17)	(27)
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	-	-

As a mutual company, all earnings are retained for the benefit of participating policyholders and are carried forward within the fund for future appropriations. Accordingly, the total comprehensive income for the period is always £nil after the transfer to or deduction from the fund for future appropriations.

Balance sheets

as at 31 December 2024

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
ASSETS				
Intangible assets				
Goodwill	33	19	17	19
Negative goodwill	(25)	(32)	(3)	(5)
	8	(13)	14	14
Other intangible assets	134	143	109	114
	142	130	123	128
Non-participating value of in-force business	3,085	2,776	3,085	2,775
Investments				
Land and buildings	75	109	75	109
Investments in Group undertakings and participating interests	-	-	14,040	14,502
Other financial investments	33,275	33,348	19,884	19,492
	33,350	33,457	33,999	34,103
Assets held to cover linked liabilities	91,279	80,228	91,113	80,169
Reinsurers' share of technical provisions				
Long-term business provision	3,278	3,267	3,231	3,219
Claims outstanding	141	121	124	103
Technical provisions for linked liabilities	(57)	(47)	(57)	(47)
	3,362	3,341	3,298	3,275
Debtors				
Debtors arising out of direct insurance operations	21	50	19	47
Debtors arising out of reinsurance operations	61	92	46	73
Other debtors	3,280	2,341	3,161	2,128
	3,362	2,483	3,226	2,248
Other assets				
Deferred taxation	3	-	-	-
Tangible fixed assets	25	27	-	-
Cash at bank and in hand	499	490	282	273
	527	517	282	273
Prepayments and accrued income				
Deferred acquisition costs on investment contracts	50	67	42	65
Other prepayments and accrued income	62	45	1	-
	112	112	43	65
Pension scheme asset	164	177	164	177
Total assets	135,383	123,221	135,333	123,213

Balance sheets continued

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
LIABILITIES				
Subordinated liabilities	1,284	1,283	1,284	1,283
Fund for future appropriations	4,256	4,106	4,529	4,432
Technical provisions				
Long-term business provision	30,906	31,253	31,001	31,346
Claims outstanding	404	360	365	321
	31,310	31,613	31,366	31,667
Technical provisions for linked liabilities	91,072	79,935	90,906	79,877
Provisions for other risks				
Deferred taxation	107	46	109	49
Other provisions	176	177	172	173
	283	223	281	222
Creditors				
Creditors arising out of direct insurance operations	300	264	280	248
Creditors arising out of reinsurance operations	1,540	1,778	1,530	1,757
Amounts owed to credit institutions	27	48	27	47
Other creditors including taxation and social security	5,123	3,776	5,118	3,659
	6,990	5,866	6,955	5,711
Accruals and deferred income	188	195	12	21
Total liabilities	135,383	123,221	135,333	123,213

Notes to the Financial Statements

1. Basis of preparation

The Financial Statements of the Group have been prepared in accordance with the recognition and measurement requirements of UK accounting standards, including Financial Reporting Standard (FRS) 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and FRS 103, 'Insurance Contracts'.

The accounting policies applied in the Financial Statements are the same as those applied in the Group's 2024 ARA. The full UK GAAP accounting policies can be found in the Group's 2024 ARA on the Royal London website (royallondon.com/about-us/our-performance/investor-relations/).

The Results Announcement for the year ended 31 December 2024 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information in this Results Announcement has been derived from the Group financial statements within the Group's 2024 ARA. The Group's 2023 ARA has been filed with the Registrar of Companies, and the 2024 ARA will be filed in due course. The results on a UK GAAP basis for the full year 2024 and 2023 have been audited by KPMG LLP (KPMG) and PricewaterhouseCoopers LLP (PwC) respectively, following KPMG's appointment as the Group's auditor for the year ended 31 December 2024 onwards. KPMG and PwC have reported on the ARA in 2024 and 2023 respectively. Both their reports were (i) unqualified, (ii) did not include a reference to any matters to which they drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the inclusion of certain assets and liabilities at fair value as permitted or required by FRS 102.

The Group regularly performs sensitivities and stress testing on a range of severe but plausible scenarios. Stress testing has been performed on the capital position for severe adverse economic and demographic impacts arising over the short to medium term, and on the liquidity position for severe adverse economic impacts over the short term. The most adverse scenarios contain severe but plausible assumptions including adverse economic and insurance risk impacts, prolonged effects from cost of living pressures and subdued financial markets, significant third party failure and the effects of climate change on economic and insurance risks. There are a range of management actions, both in the RL Main fund and the closed RL (CIS) With-Profits Fund, available to the directors in stress scenarios which could be considered if there were a deterioration in the capital and/or liquidity position of the Group, to restore the position back within risk appetite.

Sufficient liquidity is available to settle liabilities as they fall due and the capital and liquidity positions remain sufficient to cover capital requirements and liquidity requirements respectively in all scenarios tested.

Having considered these matters and after making appropriate enquiries, the directors are satisfied that the Group has adequate resources to continue to operate as a going concern for a period of at least 12 months from the date of approval of the Financial Statements. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the Financial Statements. The directors have also concluded that there are no material uncertainties over the Group's ability to adopt the going concern basis of accounting.

2. Segmental information

Operating segments

The operating segments reflect the level within the Group at which key strategic and resource allocation decisions are made and the way in which operating performance is reported internally to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors.

The activities of each operating segment are described below:

UK

The UK business provides propositions to customers, employers and pension scheme trustees, primarily through intermediaries. Products offered include workplace and individual pensions, as well as protection products and later life offerings. From 2024, the UK business also provides a bulk purchase annuity product to pension schemes via the scheme trustees.

Asset Management

The Asset Management business provides investment propositions to Royal London's life and pensions customers and to external institutional and wholesale clients, primarily through intermediaries.

Ireland

The Ireland business provides propositions to customers through brokers. Products offered include individual pensions and protection products.

Operating profit before tax

A key measure used by the Company's Board of Directors to monitor performance is operating profit before tax, which is classed as an Alternative Performance Measure. The Company's Board of Directors consider that this facilitates comparison of the Group's performance over reporting periods as it provides a measure of the underlying trading of the Group.

Operating profit excludes short-term investment return variances. Expected return therefore represents the longer-term investment return expected to be generated by the net assets of the Royal London Main Fund based on our opening economic assumptions applied to assets held at the start of the year. Any differences between the expected and actual investment return are shown outside of operating profit within Economic movements.

The operating profit by operating segment is shown in the following table.

Group – 2024				
	UK £m	Asset Management £m	Ireland £m	Total £m
Long-term business				
New business contribution	196	-	13	209
Existing business contribution	287	-	2	289
Contribution from AUM and other businesses	(8)	89	-	81
Business development costs	(38)	(16)	-	(54)
Strategic development costs	(58)	(8)	(5)	(71)
Amortisation of intangibles	(11)	(6)	-	(17)
Result from operating segments	368	59	10	437
Corporate items				(73)
Financing costs				(87)
Group operating profit before tax				277

Group – 2023				
	UK £m	Asset Management £m	Ireland £m	Total £m
Long-term business				
New business contribution	173	-	11	184
Existing business contribution	235	-	1	236
Contribution from AUM and other businesses	(2)	86	-	84
Business development costs	(31)	(8)	(1)	(40)
Strategic development costs	(40)	(15)	(6)	(61)
Amortisation of intangibles	(5)	(1)	-	(6)
Result from operating segments	330	62	5	397
Corporate items				(63)
Financing costs				(85)
Group operating profit before tax				249

From 1 January 2024, the results of RLUM Limited have been reported within the Asset Management segment to reflect changes in the operational management of this subsidiary. Previously the results of this subsidiary were reported within the UK segment. To ensure consistency, the segmental reporting for the year ended 31 December 2023 has been restated to reflect this change. This has resulted in an increase in the result of the Asset Management segment, and equivalent decrease in the result of the UK segment, of £31m for the year ended 31 December 2023.