

Interim financial results 2025

Championing the mutual mindset



August 2025

Daniel Cazeaux, Group Chief Financial Officer

 **ROYAL LONDON**

Interim financial results 2025

Agenda

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

Overview and highlights

Sustained growth supported by a resilient balance sheet

Operating profit

£166m

(HY2024: £144m)

Capital cover ratio¹

204%

(FY2024: 203%)

New Business Sales

£5.9bn

(HY2024: £5.0bn)

Net inflows

£4.1bn

(HY2024: £77m)

Governed Range AUM

£75bn

(FY2024: £72bn)

Group AUM

£181bn

(FY2024: £173bn)

1. Investor View basis

Financial highlights

Continued upward trajectory in key metrics

		HY 2025	HY 2024	Change
UK GAAP	Operating profit before tax	£166m	£144m	+£22m
	Transfer to FFA	£115m	£312m	£(197)m

NEW BUSINESS	Life and pensions new business sales	£5,885m	£5,048m	+£837m
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INFLOWS	Gross inflows	£22,371m	£16,317m	+£6,054m
	Net inflows	£4,068m	£77m	+£3,991m

		HY 2025	FY 2024	Change
FUNDS	Assets under management	£181bn	£173bn	+£8bn

CAPITAL	Regulatory View solvency surplus	£2.8bn	£2.7bn	+£0.1bn
	Regulatory View capital cover ratio	197%	196%	+1%pts
	Investor View solvency surplus	£2.8bn	£2.7bn	+£0.1bn
	Investor View capital cover ratio	204%	203%	+1%pts

UK – highlights

Quality of propositions continues to attract customers

New Business Sales

£5,658m

(HY2024: £4,919m)

Operating Profit

£223m

(HY2024: £183m)

Governed Range AUM

£75bn

(FY2024: £72bn)

- New business sales up 15% with uplift from BPA
- Operating profit increased 22%, supported by new business sales and growing in force book
- Continued investment in our digital services with new functionality to support customer engagement
- Our flagship Governed Range attracted net inflows of £1.6bn and offers valuable diversification
- Retained Defaqto's five-star rating for key Workplace Pensions and Individual Pensions products

UK – life and pensions new business

Advisers continue to recommend Royal London

	New business sales	YoY Change	New business margin
Individual pensions	£2,399m (HY2024: £2,322m)		1.3% (HY2024: 1.6%)
Workplace pensions	£2,086m (HY2024: £2,112m)		1.8% (HY2024: 2.0%)
Protection	£455m (HY2024: £399m)		6.7% (HY2024: 2.9%)
Bulk Purchase Annuities	£658m (HY2024: n/a)		4.0% (HY2024: n/a)
Individual Annuities and Other	£60m (HY2024: £86m)		4.5% (HY2024: 6.9%)
UK	£5,658m (HY2024: £4,919m)	+15%	2.3% (HY2024: 2.0%)

- Individual Pensions new business sales increased 3%, with higher volumes in our non-advised Income Release proposition
- Workplace Pensions new business sales were £2.1bn with increasing transfer volumes
- UK Protection sales increased by 14%, with growth in volumes across our Whole of Life propositions and more cases within the High Net Worth segment

UK – Annuities

BPA proposition builds good early momentum

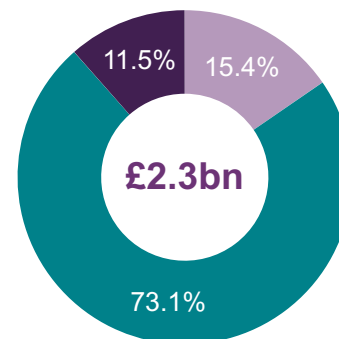
Bulk Purchase Annuity Proposition

- The reception to our proposition continues to be very positive from both trustees and their advisers
- Eight transactions secured in H1 2025 with total premiums of £658m
- £275m transaction completed with the Grant Thornton Pensions Fund in May 2025
- Strong pipeline with three further transactions written since the start of July and £1bn of premiums written since launch

Matching Adjustment Portfolio

- New investment mandate in place for private placement loans with RLAM
- Approval of infrastructure and income producing real estate obtained in H1

Matching Adjustment Portfolio Assets 30 June 2025



- Cash, Gilts and Derivatives
- Corporate Bonds
- Commercial Real Estate Loans and Private Placement Loans

Asset Management – highlights

Continuing to build private asset capabilities

Net Flows

£4.1bn
(HY2024: £0.1bn)

- Net inflows of £4.1bn underpinned by a £4.6bn multi-asset mandate win from St. James's Place
- Launch of two asset-backed securities funds
- Announced the purchase of UK-based infrastructure asset manager Dalmore Capital (subject to regulatory approvals)
- Operating profit reduction in line with expectation as we continue to invest in the business
- Adopted the Sustainability Focus label for eight funds in our £11bn Sustainable fund range

Operating Profit

£18m
(HY2024: £36m)

Group AUM

£181bn
(FY2024: £173bn)

Ireland – highlights

Continued track record of strong performance

New Business Sales

£227m
(HY2024: £129m)

Operating Profit

£9m
(HY2024: £5m)

Margin

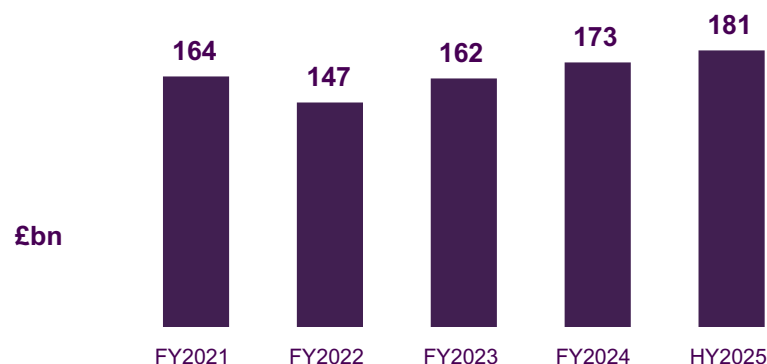
3.8%
(HY2024: 4.3%)

- 76% growth in new business sales
- Pension sales of £133m accelerated by the launch of our regular premium Personal Retirement Savings Account (PRSA) in late 2024
- Maintained leading market share in the broker protection market
- ValueShare awarded to eligible customers for third year in a row

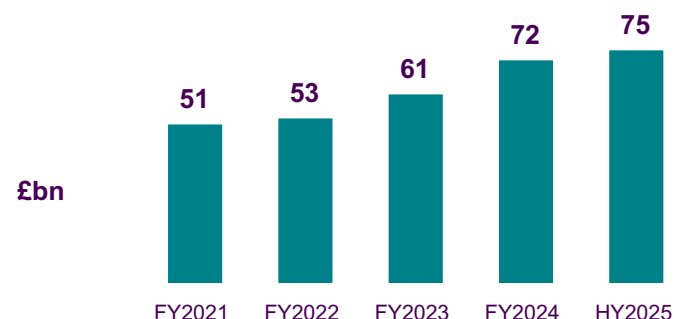
Assets under Management

Assets under Management surpass £180bn

Group AUM



Governed Range AUM



Flows

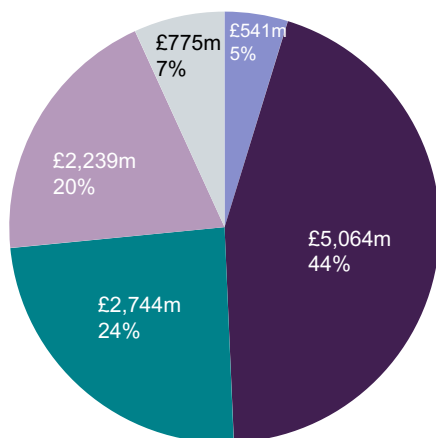
	Gross inflows		Net inflows / (outflows)	
	HY25 £m	HY24 £m	HY25 £m	HY24 £m
Internal flows	6,364	5,614	1,139	764
External flows	16,007	10,703	2,929	(687)
Total	22,371	16,317	4,068	77

- Group AUM increased to £181bn
- External net inflows of £2.9bn, underpinned by a new £4.6bn multi-asset mandate
- £0.6bn outflows in sustainable funds following shift in sentiment and £1.8bn outflow in Global Equities
- Flagship Governed Range AUM increased to £75bn

Balance sheet – investment portfolio

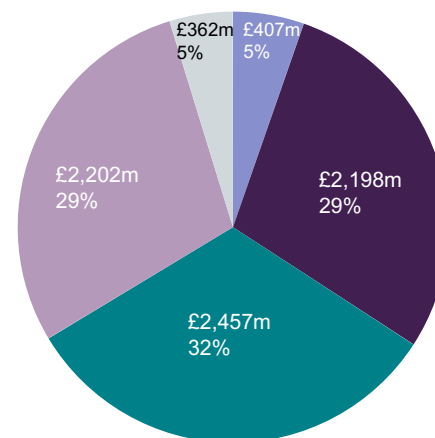
Our investment portfolio remains well diversified

**Non-linked debt security portfolio at
30 June 2025: £11,363m**



■ AAA ■ AA ■ A ■ BBB ■ BB and below (incl. NR)

**Non-linked corporate bonds at
30 June 2025: £7,626m**



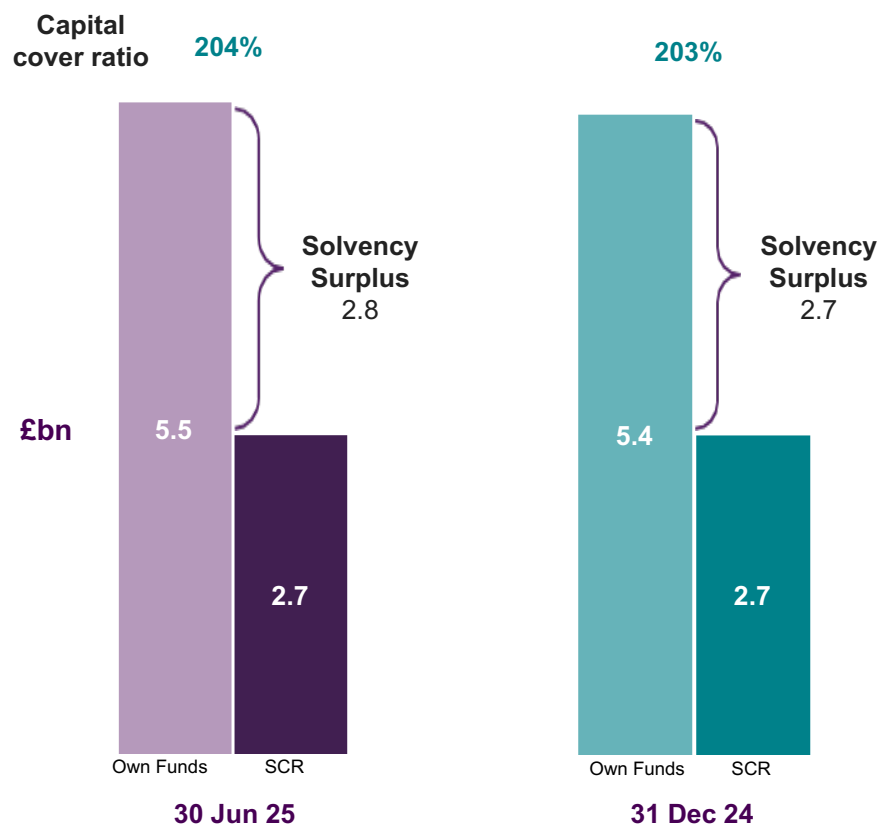
■ AAA ■ AA ■ A ■ BBB ■ BB and below (incl. NR)

- Investment portfolio increased to £128.0bn (FY24: £124.6bn)
- Continued to maintain a highly-rated, well diversified investment portfolio
- No significant defaults in our corporate bond portfolio

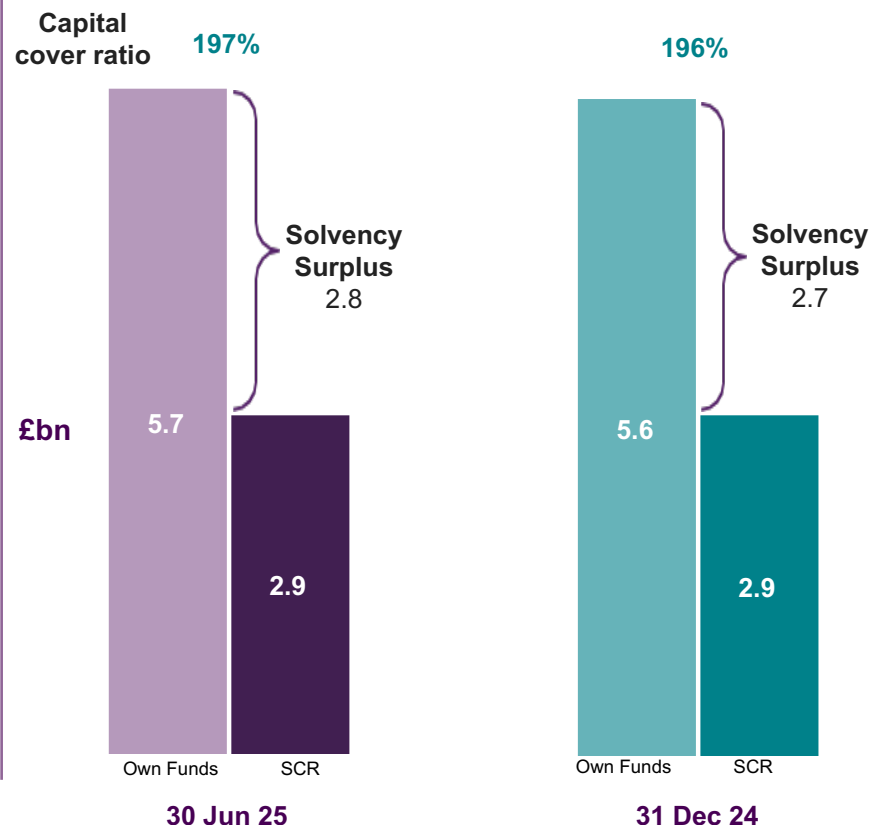
Capital

Robust capital position enables long-term decisions

Investor View



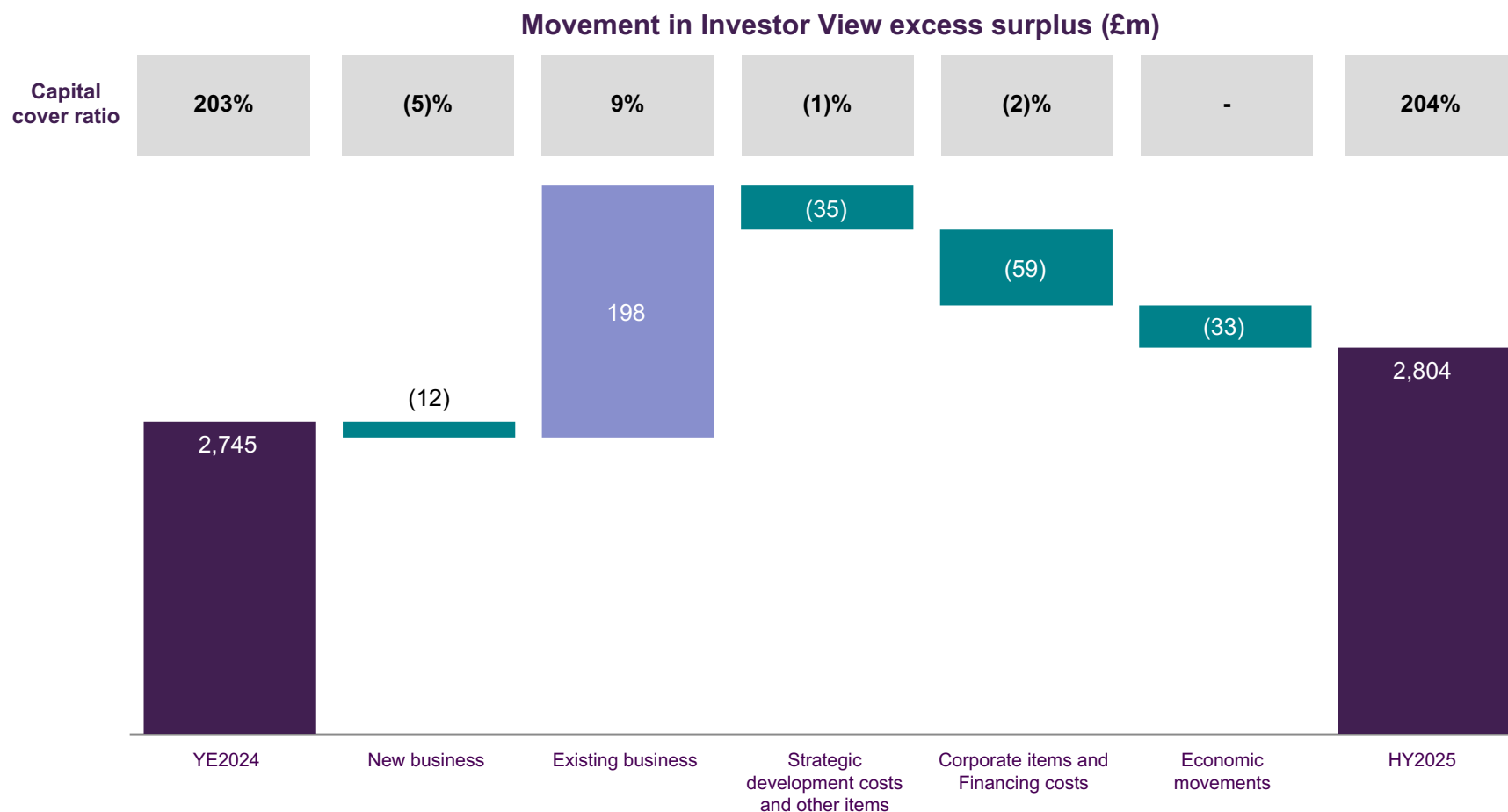
Regulatory View



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

Capital – Group Investor View

Stable capital position with hedging operating as expected



- The Group Investor View capital cover ratio remains stable

Summary

- **Operating profit increased to £166m** supported by increased new business contribution from BPA and Protection
- **New business sales increased 17%** to £5.9bn
- **Positive reception to our BPA proposition** with eight transactions in H1 2025
- **AUM grew to £181bn** supported by net inflows of £4.1bn
- **Flagship Governed Range reached £75bn AUM**, with £1.6bn of net inflows
- **Increased new business sales in Ireland** reflecting the successful expansion of our pension offering
- **Continued investment** in capabilities to support future growth
- **Stable balance sheet and robust capital position** enables long-term approach to decision making



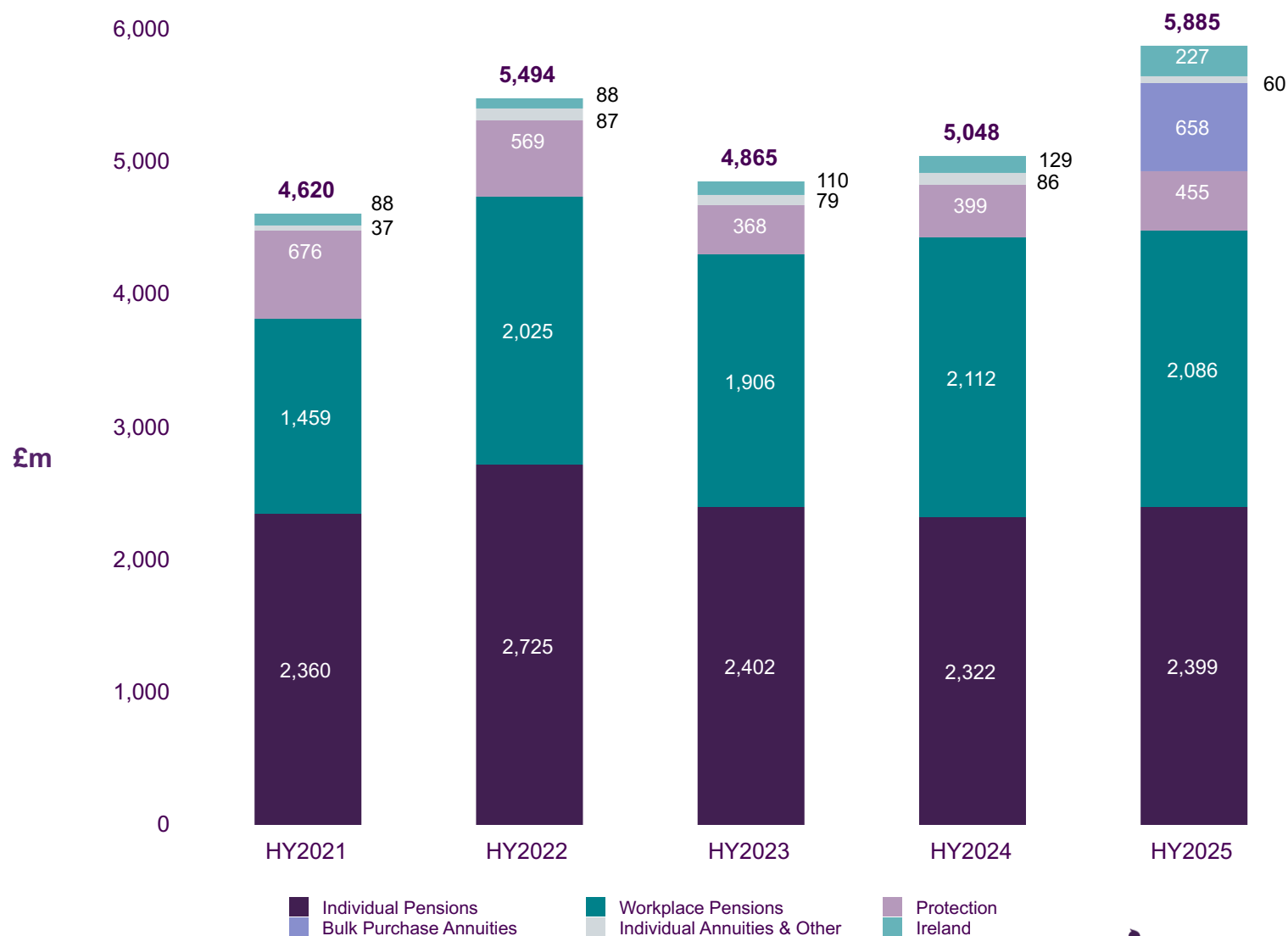
Q&A



Appendix 1 – Operating profit before tax

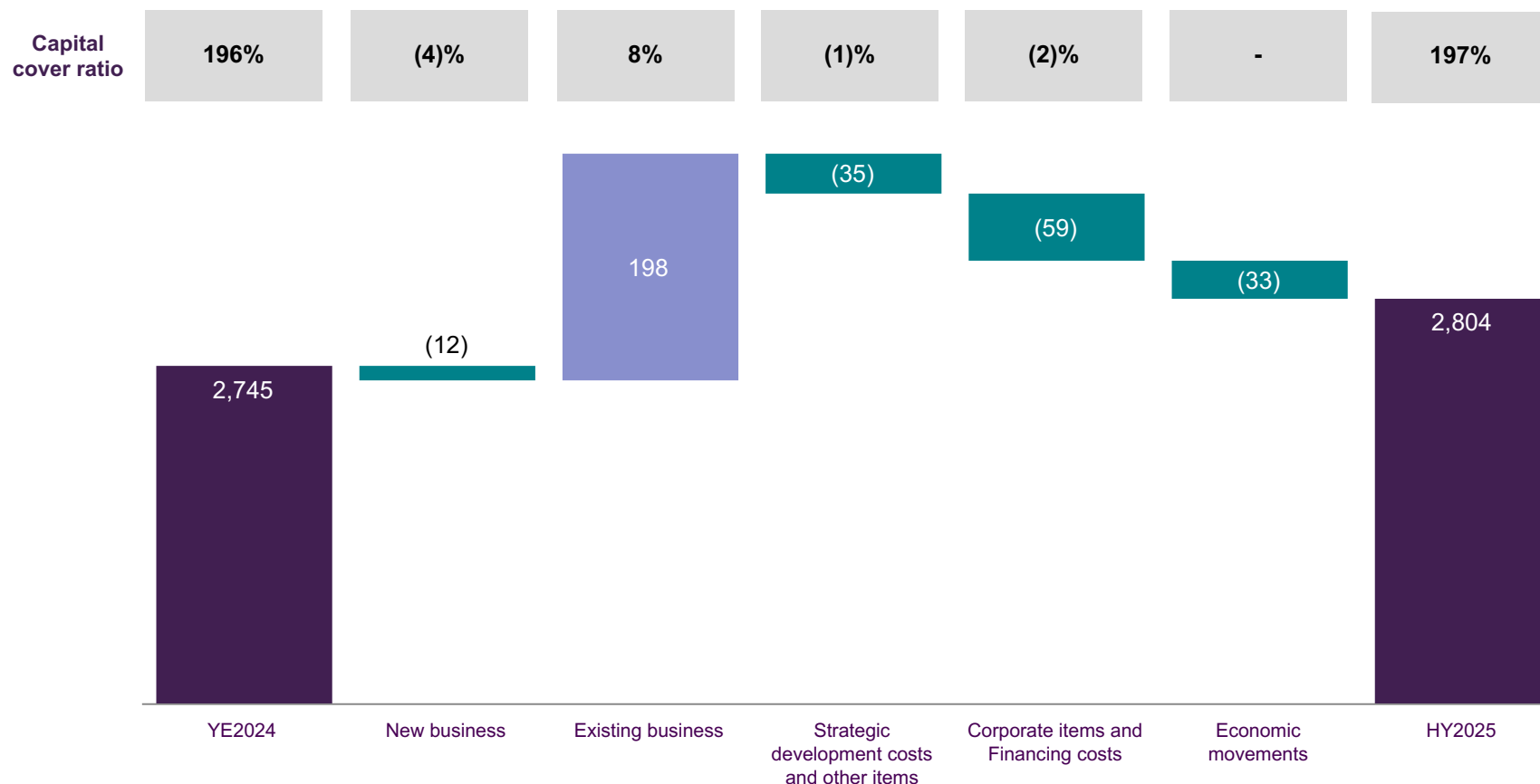
	HY 2025	HY 2024	Change	
Long-term business				
New business contribution	£137m	£103m	£34m	33%
Existing business contribution	£149m	£141m	£8m	6%
Contribution from AUM and other businesses	£31m	£49m	£(18)m	(37)%
Business development costs	£(29)m	£(22)m	£(7)m	(32)%
Strategic development costs	£(30)m	£(39)m	£9m	23%
Amortisation of intangibles	£(8)m	£(8)m	–	–
Result from operating segments	£250m	£224m	£26m	12%
Corporate items	£(41)m	£(37)m	£(4)m	(11)%
Financing costs	£(43)m	£(43)m	–	–
Group operating profit before tax	£166m	£144m	£22m	15%

Appendix 2 – Life and pensions new business



Appendix 3 – Capital Group Regulatory View

Movement in Regulatory View excess surplus (£m)



Appendix 4 – Capital sensitivities

Solvency II Investor View Sensitivities

Scenario	Capital cover ratio %	Impact on solvency surplus (£bn)
Base: HY2025	204%	2.8
25% decrease in equity investments	5%	(0.1)
15% decrease in property prices	(1)%	(0.1)
100bps rise in interest rates	2%	-
100bps fall in interest rates	(6)%	(0.1)
25bps increase in Govt bond yields	(1)%	-
200bps widening in credit spreads	3%	-
20% of assets downgrading in MA portfolio	(1)%	-
15% fall in GBP exchange rates	(2)%	0.1

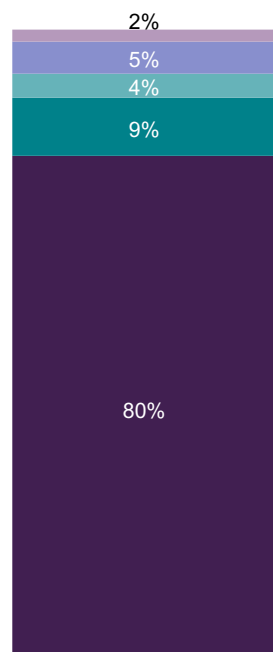
Solvency II Regulatory View Sensitivities

Capital cover ratio %	Impact on solvency surplus (£bn)
197%	2.8
5%	(0.1)
(1)%	(0.1)
3%	-
(7)%	(0.1)
(1)%	-
3%	-
(1)%	-
(2)%	0.1

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: £113.0bn
- Adjusted own funds*: £5.5bn



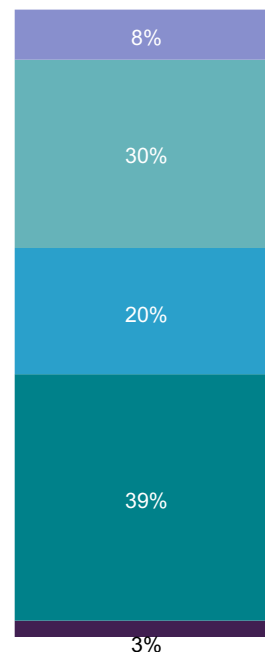
■ Unit Linked
 ■ RL Main: With-Profits
 ■ Non Profit/Other
 ■ Own Funds
 ■ Matching Adjustment

- 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 30 June 2025
 * Own Funds includes £0.2bn for RLI DAC
 ** Pre closed fund restriction

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**: £1.7bn



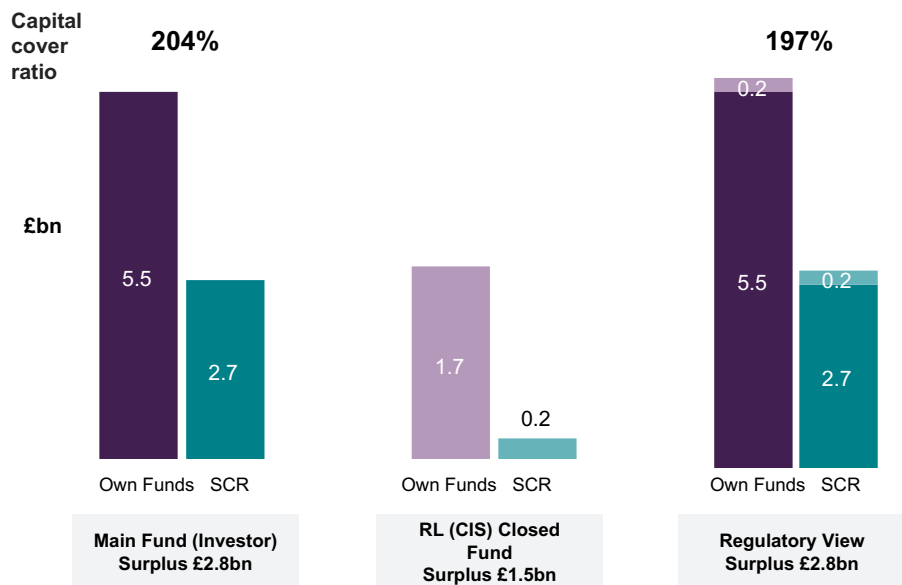
■ Unit Linked
 ■ RL(CIS): With-Profits with GAOs
 ■ RL(CIS): With-Profits without GAOs
 ■ Non Profit/Other
 ■ Own Funds

- 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.

Appendix 6 – Basis of Regulatory Ratio

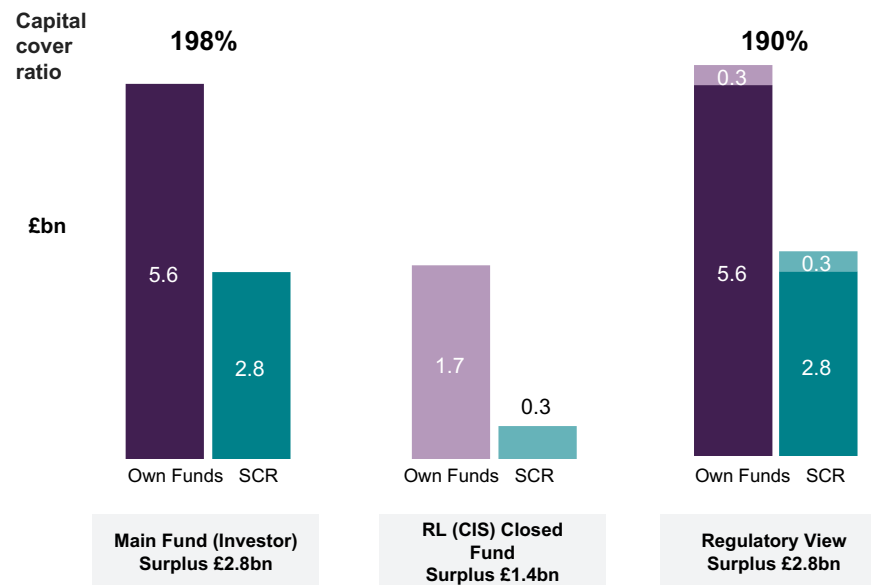
- At HY25, RL(CIS) has a solvency surplus of £1.5bn. As a closed fund, the RL(CIS) solvency surplus is ring-fenced and therefore the surplus is restricted to the value of the RL(CIS) SCR within the Regulatory View Surplus calculation (£0.2bn)
- Our approach to managing the RL(CIS) solvency surplus ensures the 'burn through' risk to the RL Main Fund is minimal

30 June 2025

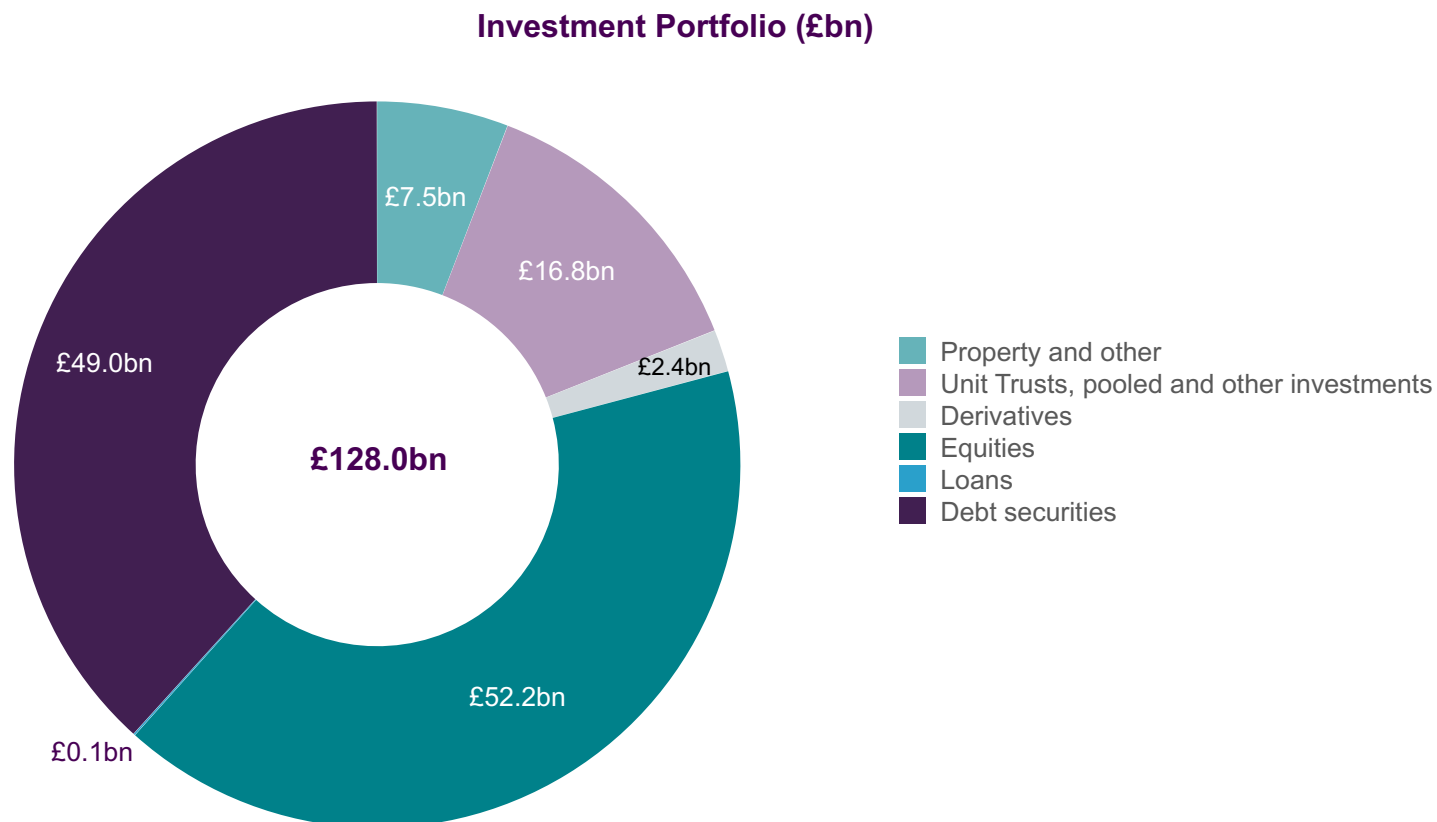


- Under a yield fall, the RL(CIS) SCR rises as the value of Guaranteed Annuity Options in the fund increase
- Hedging ensures that the solvency surplus in the RL(CIS) fund remains stable. However, the increase in the RL(CIS) SCR dilutes the Regulatory View Ratio

Yields fall 100bps

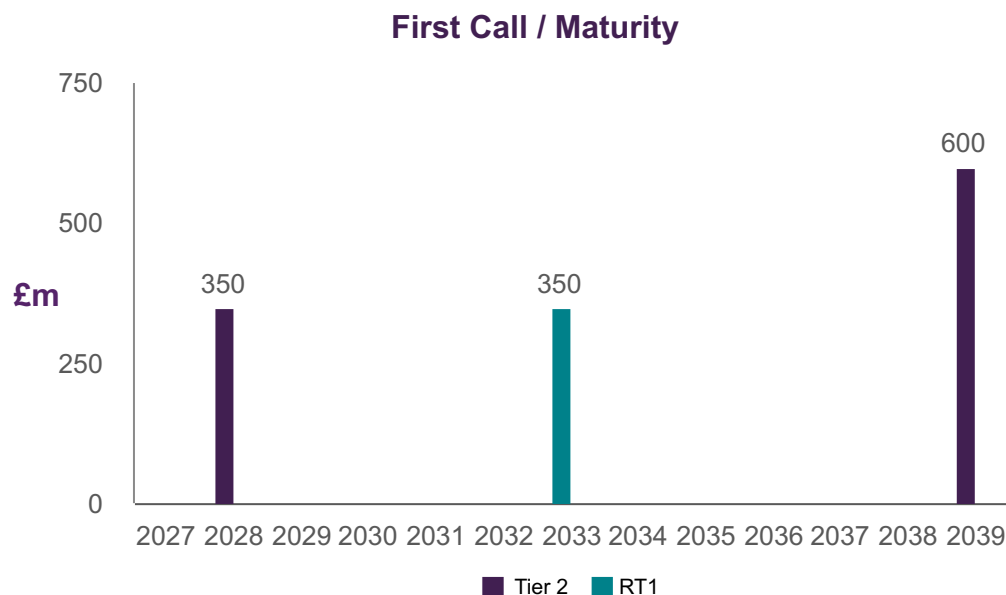


Appendix 7 – Investment portfolio



- **73%** (A rated or better non-linked debt securities)
- **66%** (A rated or better non-linked corporate bonds)
- Diversified investment portfolio

Appendix 8 – Debt maturity profile / leverage



Solvency II debt leverage

22.7%

(FY2024 22.2%)

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

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 Operating profit before tax is an APM and 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.
- 4 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.
- 5 Life and pensions new business sales is an APM and represents life and pensions business only, excluding 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.
- 6 Gross and net inflows incorporate flows into Royal London Asset Management (RLAM) from external clients (external flows) and those generated from the Group's life and pensions business (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.
- 7 Assets under management (AUM) is an APM and represents the total of assets managed by the Group, including funds managed on behalf of third parties.
- 8 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' is an APM and 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.
- 9 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.
- 10 Figures presented throughout are rounded. The capital cover ratios, new business margins and period on period percentage changes are calculated based on exact figures.
- 11 Sensitivities include movements in the Transitional Measure on Technical Provisions (TMTP), which is dynamically calculated following the Solvency UK changes implemented at 31 December 2024. The sensitivities do not include any subsequent rebalancing of the asset portfolio.
- 12 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.
- 13 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.
- 14 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.
- 15 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.
- 16 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.
- 17 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 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.

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