ROYAL LONDON

Interim Results Announcement 2025 **8 August 2025**

Operating profit increases 15% as more advisers recommend Royal London

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

"For six years running, Royal London has been the most preferred personal pension provider by financial advisers[a], testament to the strength and quality of our customer propositions. Our new Bulk Purchase Annuity offering, the only mutual option in the market, is also resonating well with trustees and advisers as we completed eight buy-in transactions in the first half of this year.

"Support from financial advisers has meant our Governed Range attracted £1.6 billion of net inflows in the first half of the year. This range offers valuable diversification for customers amid market volatility with allocations to assets such as real estate and commodities. The recently announced acquisition of Dalmore Capital will also provide access for Governed Range customers to the long-term, stable returns that infrastructure investments can offer.

"When most of our competitors perform well, they reward their shareholders with higher dividends. Royal London is a mutual with no shareholders so when we perform well, our eligible customers benefit through ProfitShare. In April, we demonstrated the value of mutuality by sharing £181 million with 2.3 million customers through our ProfitShare scheme."

Highlights

- Protection new business sales up 14% to £455m (H1 2024: £399m), supported by the strength and quality of our proposition and a buoyant protection market.
- The Governed Range, where most of our pension customers are invested, saw net inflows of £1.6bn (H1 2024: £1.5bn), with assets under management reaching £75bn (31 December 2024: £72bn).
- Enhanced our digital services with 469,000 customers now registered for the My Royal London web portal.
- Successfully completed eight Bulk Purchase Annuity (BPA) buy-ins in the first half of the year securing £658m of premiums. Further premiums of £142m secured to date in the second half of the year, with total premiums since launch hitting the £1.0bn milestone.
- Paid 98.5% (H1 2024: 98.9%) of protection claims, delivering £415m (H1 2024: £355m) to 33,000 customers and their families.
- In Ireland, new business sales increased by 76% to £227m (H1 2024: £129m), reflecting our leading position in the Irish broker protection market and the successful expansion of our Pension offering.
- Expanded our Private Assets capabilities, including the launch of two asset-backed securities funds and, subject to regulatory approvals, the acquisition of infrastructure asset manager Dalmore Capital, to support our BPA proposition and provide Governed Range customers with access to new asset classes.
- Secured a £4.6bn multi-asset mandate win from St. James's Place, showcasing our ability to deliver bespoke, actively managed solutions.
- 86% (31 December 2024: 81%) of actively managed funds outperformed their three-year benchmark[3] on an equally weighted basis and 56% (31 December 2024: 60%) outperformed on an AUM weighted basis.
- Adopted the Sustainability Focus label across all eight in-scope funds in our £11bn Sustainable Fund Range, under the Financial Conduct Authority's Sustainability Disclosure Requirements. This builds on our long-term track record in sustainable investing, where we have delivered award-winning investment performance.

[a] Royal London was the most frequently nominated preferred pension provider in each of the last six editions of the Defaqto Pension Service Review (2019–2024) and most frequently selected Personal Pension Provider (published in February 2025).

Financials

		Six months ended 30 June 2025	Six months ended 30 June 2024
UK GAAP	Operating profit before tax[4]	**£166m**	£144m
	Transfer to the fund for future appropriations[5]	**£115m**	£312m
New business	Life and pensions new business sales[6]	**£5,885m**	£5,048m
Inflows	Gross inflows[7]	**£22,371m**	£16,317m
	Net inflows [7]	**£4,068m**	£77m
		30 June 2025	31 December 2024
Funds	Assets under management[8]	**£181bn**	£173bn
Capital[9] (Solvency II[10])	Regulatory View solvency surplus	**£2.8bn**	£2.7bn
	Regulatory View capital cover ratio	**197%**	196%
	Investor View solvency surplus	**£2.8bn**	£2.7bn
	Investor View capital cover ratio	**204%**	203%

- Operating profit before tax[4] increased by 15% to £166m (H1 2024: £144m) benefiting from higher Protection new business and sales of our new BPA proposition.
- Transfer to the fund for future appropriations (FFA)[5] of £115m (H1 2024: £312m) includes negative economic movements of £39m as market gains were below our long-term expectations.
- Life and pensions new business sales[6] were up 17% to £5,885m (H1 2024: £5,048m) supported by an uplift from BPA sales.
- Gross inflows[7] rose to £22.4bn (H1 2024: £16.3bn) with net inflows[7] increasing to £4.1bn (H1 2024: £0.1bn), boosted by a new £4.6bn multi-asset mandate with St. James's Place.
- Assets under management[8] increased to £181bn (31 December 2024: £173bn) as a result of the net inflows and positive market movements of £3.2bn.
- Capital position remains robust with our hedging programmes continuing to operate as intended. The Investor View and Regulatory View[9] ratios increased to 204% (31 December 2024: 203%) and 197% (31 December 2024: 196%) respectively after including a 2% capital strain from writing BPA business.

Investor Conference call

Royal London will hold an Interim financial results conference call to present its 2025 interim results on Friday 8 August 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 is in the top 30 mutuals globally[b]. 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:

- 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

[b] 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. 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, they represent a minority of our AUM as Royal London believes in the long-term value added by active management.
4. 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; so, operating profit before tax represents the result of the Royal London Main Fund (RL Main Fund) and the RLI DAC Open Fund.
5. Transfer to the fund for future appropriations represents the statutory UK GAAP measure ‘Transfer to the fund for future appropriations’ in the technical account within the Consolidated statement of comprehensive income.
6. Life and pensions new business sales 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.
7. 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.
8. 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.
9. The capital cover ratio is calculated as the Group’s Own Funds, being the regulatory capital under Solvency II, divided by the Solvency Capital Requirement (SCR). The ‘Investor View’ 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.
10. In November 2024 the Prudential Regulation Authority (PRA) announced the final policy statement to implement reforms to the Solvency II framework previously applicable in the UK. The resultant new prudential regime for UK insurers became effective on 31 December 2024 and will eventually be known as ‘Solvency UK’. However, in line with the approach outlined in the policy statement, the UK regime will continue to be referred to as Solvency II until such time as the PRA has changed all references from Solvency II to Solvency UK across all their relevant materials.
11. Figures presented throughout are rounded. The capital cover ratios, new business margins and period-on-period percentage changes are calculated based on exact figures.

Business Review

Royal London continues to be the most preferred personal pension provider by financial advisers and our performance in the first half of the year underlines the strength of our propositions. In times of uncertainty, advisers provide customers with valuable reassurance. We have been actively helping advisers to offer this support with timely, proactive communications that reinforce the importance of maintaining a long-term perspective on pension investments. As markets reacted sharply to the proposed US trade tariffs, advisers continued to value the long-term focus and diversification of our Governed Range, which again attracted strong net inflows.

Whilst many customers benefit from the support of a financial adviser, many more still lack access to the support they need. We welcome the outcomes of the Financial Conduct Authority's consultation on Targeted Support. We have seen increasing demand for our guidance services from customers and believe that this new regime could offer customers valuable help in a scalable way, particularly customers saving into workplace pensions.

In the meantime, we have strengthened our customer proposition further with enhancements to our digital services, offering more self-serve capabilities and tools through our mobile app and web portals. Customer satisfaction grew as we saw increased usage of these services with customers seeking to make informed decisions about their pensions, levels of protection and how they plan for retirement.

During the year we extended our Protection proposition to support customers with estate planning and we are building a wider range of investment capabilities in RLAM. We continue to develop our Private Assets expertise, and the recently announced acquisition of Dalmore Capital, subject to regulatory approvals, brings an infrastructure investment offering to the Group. Our Private Assets capability directly supports our new Bulk Purchase Annuity (BPA) business, and we plan to integrate many of these new capabilities into the Governed Range, giving customers access to exciting new asset classes within a diversified portfolio that we expect to generate superior long-term risk adjusted returns.

Our BPA proposition is supporting our growth and in June we secured our largest external BPA transaction to date with a £275m buy-in completed with the Grant Thornton Pension Fund. Our offer stands out as the only mutual option in the market, which is proving to be highly valued by trustees and advisers.

As a major workplace pensions provider, we are a signatory to the Mansion House Accord. We already allocate a substantial investment to UK real estate and expect to increase our allocation to other private asset classes over time. We remain committed to making the right long-term decisions for customers and do not believe that the government should mandate the proportion of pensions investments that should be invested in the UK. As Royal London has consistently shown, the right expertise in asset management already results in allocations to UK productive assets in our Governed Range being higher than the 5% envisaged under the Accord.

Our customers' standard of living in retirement will also be dictated by how much progress the world makes in tackling climate change. Royal London continues to play its part and we were pleased to publish our first Climate Transition Plan in June. It outlines how we will support the transition to a low-carbon economy. We continue to be reliant on policymakers and regulators not only to deliver on their climate commitments, but also to establish and support rules that enable progress towards climate ambitions globally.

The value of mutuality was demonstrated again in April when we shared £181m with 2.3 million eligible customers through our ProfitShare scheme, once more highlighting the distinction between Royal London and many of our competitors who reward shareholders when they perform well, rather than customers.

Our trading performance

UK

We are focused on helping customers to build their financial resilience. In H1 2025, over 160,000 customers engaged with our online guidance tools, including services that support financial wellbeing, retirement planning and access to state benefits. These tools are designed to help customers make informed decisions and feel more confident about their financial future, particularly as they approach retirement.

We have introduced new functionality across our digital platforms, including new digital forms for ad hoc payments and the rollout of live web chat for Protection customers. Engagement with our mobile app continues to grow, with the number of active users rising to 447,000 – an increase of 50,000 since the end of 2024. In the same period, there have been 70,000 new registrations on the My Royal London portal, now reaching 469,000 customers in total. These platforms are becoming an increasingly important part of how customers interact with their plans and access support, reflecting our commitment to delivering accessible and personalised digital services.

In May, we confirmed that Royal London was one of the first cohort of pension providers connected to the Pensions Dashboards ecosystem. As an early adopter, we are helping to bring forward a more transparent and accessible retirement landscape by enabling customers to view all their pensions in one place.

Overall pensions new business sales increased slightly to £4.5bn (H1 2024: £4.4bn). Individual Pensions sales increased by 3% to £2.4bn (H1 2024: £2.3bn) with growth primarily in our non-advised Income Release product. Workplace Pensions new business sales were flat at £2.1bn (H1 2024: £2.1bn) with increasing transfers broadly offset by lower new workplace pension schemes.

Our Workplace AUM grew 6% in the first half of 2025 to £33.1bn, driven primarily by net inflows of £1.5bn. Higher transfer values and volumes have been a major driver of our growth in Workplace, as we continued to see increases in customer take up and conversion rates through our online transfer hub. Over 25,000 customers completed a transfer to Royal London, up 8% on the same period last year. We also delivered a series of enhancements across the Workplace proposition, including further improvements to the consolidation journey and direct offer process, and upgrades to our video benefit statements. These developments, alongside closer collaboration with employers and advisers, have helped strengthen customer engagement.

Our flagship investment solution, the Governed Range, attracted net inflows of £1.6bn (H1 2024: £1.5bn), which together with market growth drove an increase in AUM to £75bn (31 December 2024: £72bn). The Governed Range is our range of multi-asset funds which support our pensions proposition and is where the majority of our Workplace Pensions customers are invested.

Protection new business sales increased 14% to £455m (H1 2024: £399m) with continued success in the mortgage-related market. We also saw further momentum in high net-worth business, where we have expanded our proposition to support estate planning needs. This included the launch of our 'Joint Life Second Death term' product in late 2024, which, alongside our Whole-of-Life offering, has seen strong demand following the proposed changes to inheritance tax announced in the October Budget.

We launched our BPA business in September 2024, focusing on delivering good outcomes for trustees and their defined benefit members. As the only mutual in the BPA market, our proposition has been well received by trustees and their advisers. Our momentum has continued in 2025, securing eight transactions in the first half of the year covering over 5,000 pension scheme members and total premiums of £658m, including our largest external pension scheme transaction to date at £275m. Our pipeline for the second half of the year is strong, with three further transactions with total premiums of £142m written to date in the second half of 2025 and total premiums since launch now at £1.0bn.

Customer satisfaction, as measured by our Customer Value Statement (CVS[c]) score, improved by 1 percentage point from the end of 2024, with 44% of customers rating Royal London 9 or 10 out of 10 across each of seven key measures.

During the first half of 2025 we continued to be recognised through key industry awards and accreditations. We retained our Defaqto five-star rating for Workplace Pensions (Group Personal Pension and Group Stakeholder) and Individual Pensions (Personal Pensions and Drawdown) and were rated gold in Defaqto’s Pension Service Ratings 2025. At the Lifesearch Awards 2025, we won the award for Exceptional Claims Support, and we were named Protection Provider of the Year at The Right Mortgage Network Awards 2025.

Asset Management

While US markets began the year positively, the introduction of tariffs by the US government triggered significant market volatility and declines in both US and global markets. Equity markets have now rebounded, with a number of indices recording record highs. In fixed income markets, persistent inflation has led to reduced expectations for rate cuts, and global government bond yields declined during the tariff-related volatility. Sterling investment grade markets have delivered positive returns, helped by lower government bond yields but also strong corporate performance, although activity in bond markets slowed as companies were reluctant to borrow while rates were more volatile.

Against this backdrop, our investment performance track record remains good, with 86% of actively managed funds outperforming their benchmark on an equally weighted basis over the three years to 30 June 2025 (31 December 2024: 81%) and 56% (31 December 2024: 60%) of funds outperforming their three-year benchmark on an AUM weighted measure[d]. Assets under management increased to £181bn (31 December 2024: £173bn).

Net inflows in the first half of the year were £4.1bn (H1 2024: £0.1bn), including £2.9bn of external net inflows (H1 2024: £0.7bn of net outflows) underpinned by a £4.6bn multi-asset mandate win from St. James’s Place. This bespoke, active asset allocation mandate demonstrates our ability to create solution-orientated products for our external customers that build on the value we provide to the Group’s life and pensions customers. In Global Equities we saw net outflows of £1.8bn following the departure of a number of members from the Global Equities team in 2024 and net outflows of £0.6bn from our Sustainable Fund Range due to the wider shift in market sentiment for responsible investment, despite three year fund performance remaining above median relative to peers.

Our Private Assets business is gaining momentum, with the launch of two asset-backed securities funds. As well as supporting external clients, this business is supporting the Group’s ability to win BPA transactions by sourcing a wider range of assets with attractive risk-adjusted returns. Alongside building our internal capabilities, we recently announced the acquisition of UK-based infrastructure asset manager Dalmore Capital, subject to regulatory approvals. By acquiring Dalmore, we are taking another step in building our Private Assets capability, broadening our investment proposition and expanding and diversifying our client base.

In April, we announced that all eight in-scope funds in our £11bn Sustainable Fund Range will adopt a Sustainability Focus label under the Financial Conduct Authority’s Sustainability Disclosure Requirements. RLAM has a long record of investing sustainably and these labels demonstrate our continuing support to clients seeking long-term sustainable investment solutions.

Our Asset Management business continued to win a variety of awards in 2025 in recognition of our success. Notable achievements included Equity Manager of the Year - UK and Europe (Insurance Asset Risk Awards), Best Asset Manager (Morningstar UK Fund Awards) and Best Sustainable Fund (Professional Adviser PA Awards) for the Royal London Sustainable World Trust.

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[c] The Royal London Customer Value Statement (CVS) model tracks seven key pillars of importance across approximately 2,900 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.

[d] Consistent with previous periods, the AUM weighted measure is calculated using a weighted average of active assets under management for funds with a defined external benchmark. The equally weighted measure takes the numbers of funds outperforming their benchmark divided by the total number of in-scope funds.

Ireland

The first half of 2025 saw Royal London Ireland continue its track record of strong performance, with new business sales increasing by 76% to £227m (H1 2024: £129m). The growth reflects our leading position in the Irish broker protection market and the successful expansion of our Pensions offering with the launch of a regular premium Personal Retirement Savings Account product at the end of last year.

The Protection business continues to perform well, underpinned by our focus on service excellence and the strength of our Individual Protection product offering. We have maintained our leading market share in the broker protection market and in February we were recognised as being the best income protection provider at the bonkers.ie awards.

In April we awarded ValueShare, Royal London Ireland's equivalent to ProfitShare, for the third year in a row, which resulted in the value of eligible customers' policies again receiving an uplift of 0.13%.

Looking ahead

Looking ahead, we remain focused on strengthening our proposition for both customers and advisers. Our Pensions and Protection offerings are designed to support customers build their long-term financial resilience, and through our Asset Management capabilities, we aim to deliver strong returns while contributing positively to the world around us. Above all, we will continue to champion the value of mutuality, creating benefits not just for our customers, but for the wider society in which we live.

Financial Review

Group operating profit before tax for the six months ended 30 June 2025 increased to £166m (H1 2024: £144m). We saw significant increases in new business contribution from our Protection proposition, supported by growth in the high net-worth segment, and from our BPA business, which is building momentum following our entry into this market in H2 2024.

Assets under management increased by £7.3bn, primarily driven by net inflows of £4.1bn, largely attributable to a new £4.6bn multi-asset mandate with St. James's Place. As expected, the contribution from the Asset Management business declined over the period following the impact of Global Equities net outflows in 2024 and reflecting our continuing investment in building new capabilities organically.

The transfer to the fund for future appropriations (FFA) was £115m (H1 2024: £312m), with negative economic movements of £39m reflecting returns that were lower than our long-term expectations.

Our capital position remains robust with the Solvency II Investor View capital cover ratio increasing to 204% (31 December 2024: 203%). This is due to the surplus arising from existing business being sufficient to offset the aggregate impact from the strain from new business (which includes the strain of writing new BPA business), strategic development and corporate costs. The Solvency II Regulatory View capital cover ratio increased to 197% (31 December 2024: 196%) for similar reasons.

Group operating profit before tax

The following table shows the Group operating profit before tax for the six months ended 30 June 2025. Further details of the Group's segmental reporting are included in note 2 of the Interim Financial Statements.

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

New business contribution

New business contribution increased to £137m (H1 2024: £103m), including a £26m contribution from our BPA business following our entry into the market in H2 2024. On a present value of new business premiums (PVNBP) basis, new business sales rose by 17% to £5,885m. Performance was particularly strong in our Protection proposition, reflecting growth in high net-worth products and higher volumes in mortgage products. The change in business mix contributed to an increase in new business margin to 2.3% (H1 2024: 2.0%).

	New business contribution		PVNBP		New business margin	
	Six months ended					
	30 June 2025 £m	30 June 2024 £m	**30 June 2025 £m**	30 June 2024 £m	**30 June 2025 £m**	30 June 2024 £m
Individual Pensions	**31**	38	**2,399**	2,322	**1.3**	1.6
Workplace Pensions	**38**	42	**2,086**	2,112	**1.8**	2.0
Protection	**30**	11	**455**	399	**6.7**	2.9
Bulk Purchase Annuities	**26**	-	**658**	-	**4.0**	-
Individual Annuities and other	**3**	6	**60**	86	**4.5**	6.9
UK	**128**	97	**5,658**	4,919	**2.3**	2.0
Ireland	**9**	6	**227**	129	**3.8**	4.3
Total	**137**	103	**5,885**	5,048	**2.3**	2.0

UK

Individual Pensions new business sales increased to £2,399m (H1 2024: £2,322m) with higher volumes in our non-advised Income Release proposition. Due to a changing mix and lower charges for customers with smaller pots, new business margins decreased by 0.3 percentage points to 1.3%, with new business contribution decreasing as a result to £31m (H1 2024: £38m).

Workplace Pensions new business sales of £2,086m (H1 2024: £2,112m) were supported by an 8% increase in the number of transfers to Royal London, reflecting the continued benefit of enhancements to our online transfer hub. The impact of increased transfers was offset by fewer new scheme wins versus the corresponding period in 2024. The changing mix of new business and higher relative costs resulted in new business contribution and margin decreasing to £38m (H1 2024: £42m) and 1.8% (H1 2024: 2.0%).

Protection new business sales increased by 14% to £455m. The momentum we built in 2024 has continued with growth in volumes across our Whole-of-Life propositions and more cases within the high net-worth market. As a result of the increased volumes and a favourable product mix, new business contribution rose to £30m (H1 2024: £11m) at a new business margin of 6.7% (H1 2024: 2.9%).

Following our successful launch into the BPA market during the second half of 2024, we have completed a further eight transactions in the first half of this year, generating new business sales of £658m at a new business margin of 4.0%.

Individual Annuities and other new business sales were £60m (H1 2024: £86m), impacted by higher long-term interest rates resulting in the lower take-up of guaranteed annuity rates. The volume reduction resulted in new business contribution decreasing to £3m (H1 2024: £6m) with margins also lower at 4.5% (H1 2024: 6.9%).

Ireland

New business sales increased to £227m (H1 2024: £129m), primarily through increased Pensions sales of £133m (H1 2024: £39m), including from our regular premium Personal Retirement Savings Account product launched in H2 2024. Protection new business sales increased to £94m (H1 2024: £90m). New business contribution increased to £9m, (H1 2024: £6m) while new business margin decreased to 3.8% (H1 2024: 4.3%), reflecting the changes in business mix.

Existing business contribution

Existing business contribution increased to £149m (H1 2024: £141m), summarised in the table below.

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	**Change £m**
Expected return	**141**	127	**14**
Experience variances and assumption changes	**30**	11	**19**
Modelling and other changes	**(22)**	3	**(25)**
Total	**149**	141	**8**

Expected return for the period increased by £14m to £141m primarily due to a half percentage point increase in the UK risk-free rate compared to the rate used in H1 2024.

Experience variances and assumption changes were a gain of £30m (H1 2024: £11m) driven mainly by higher than expected workplace premiums received as annual salary increases and ad hoc payments into schemes were higher than assumed levels.

Modelling and other changes were a charge of £22m (H1 2024: gain of £3m) 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 £31m (H1 2024: £49m), primarily due to expected reductions in the contribution from our Asset Management business. This was due to continued investment in new capabilities to support future growth, including Private Assets, reduced one-off fees and the full period impact on revenues of Global Equities outflows in 2024.

Business development costs
Business development costs increased to £29m (H1 2024: £22m) as we continued to strengthen our propositions, predominantly in our UK and Asset Management segments. In the UK, costs were £20m (H1 2024: £15m), including costs to enhance our digital services and technology. Asset Management costs of £9m (H1 2024: £7m) were incurred as we continued to invest in data and technology to enhance client service and reporting.

Strategic development costs
Strategic development costs of £30m (H1 2024: £39m) represent the costs of ongoing long-term investment we are continuing to make across our businesses. In the UK, this includes continuing investment into our Pensions and related savings propositions and the ongoing development of our BPA capabilities and digital advice tools. Costs in our Asset Management and Ireland segments have decreased following the completion of their respective key projects during 2024.

Amortisation of intangibles
Amortisation of intangibles of £8m (H1 2024: £8m) relates to capitalised software assets.

Corporate items and financing costs
The net charge for Corporate items of £41m (H1 2024: £37m) includes costs arising from the acquisition of businesses, strengthening the Group's operational resilience and investment in our data capabilities as well as costs in relation to defined benefit pension scheme items.

Financing costs of £43m (H1 2024: £43m) primarily represent the interest payable on the Group's subordinated debt.

Reconciliation of operating profit before tax to transfer to the FFA

The transfer to the FFA of £115m (H1 2024: £312m) was lower than Group operating profit before tax due to negative economic movements following returns over the first half of the year being lower than our long-term expectations.

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	**Change £m**
Group operating profit before tax	**166**	144	22
Economic movements	**(39)**	241	(280)
Credits arising from mergers and acquisitions	**9**	1	8
Profit before tax and before transfer to the fund for future appropriations	**136**	386	(250)
Tax attributable to long-term business	**(21)**	(74)	53
Transfer to the fund for future appropriations	**115**	312	(197)

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 period.

During H1 2025, economic movements were a charge of £39m (H1 2024: gain of £241m), as investment returns were below our longer-term expected return assumptions.

Credits arising from mergers and acquisitions
Credits arising from mergers and acquisitions comprise amortisation of goodwill and other gains or losses arising from corporate transactions, including adjustments in respect of prior acquisitions.

Balance sheet

Royal London's balance sheet position is robust. Our total investment portfolio increased in value to £128.0bn (31 December 2024: £124.6bn), as a result of fair value movements in equity and bond asset classes and positive net internal flows. At 30 June 2025, £2,397m of assets were ring-fenced (31 December 2024: £1,818m) to back annuitant liabilities net of reinsurance of £2,317m (31 December 2024: £1,748m). The ring-fenced portfolio of assets continues to grow as our BPA proposition builds scale and it includes a mix of corporate bonds, gilts, cash, commercial real estate loans and private placement debt.

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, 73% (31 December 2024: 77%) of our non-linked debt securities and 66% (31 December 2024: 69%) of our non-linked corporate bonds had a credit rating of 'A' or better at 30 June 2025. There have been no significant defaults in our corporate bond portfolio.

Assets under management

Assets under management increased to £181bn (31 December 2024: £173bn), driven by net inflows of £4.1bn, and positive market movements of £3.2bn.

	Gross inflows		Net inflows/(outflows)	
	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	**Six months ended 30 June 2025 £m**	Six months ended 30 June 2024 £m
External flows	**16,007**	10,703	**2,929**	(687)
Internal flows	**6,364**	5,614	**1,139**	764
Total	**22,371**	16,317	**4,068**	77

External net inflows were £2.9bn (H1 2024: £0.7bn net outflow) which included a £4.6bn multi-asset mandate from St. James's Place. Net outflows from other strategies totalled £1.2bn, including net outflows of £1.8bn in Global Equities and £0.6bn from Sustainable funds, offset by flows into our liquidity funds.

Internal net inflows increased to £1.1bn (H1 2024: £0.8bn), due to £0.6bn of additional flows from BPAs with external schemes, with H1 2024 benefiting from a £0.3bn inflow from a BPA policy transacted with the trustees of the Royal London Group Pension Scheme.

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 capital cover 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.

We expect the Regulatory View capital cover ratio to be above 150% under normal circumstances.

Key metrics	30 June 2025	31 December 2024
Regulatory View solvency surplus	**£2,804m**	£2,745m
Regulatory View capital cover ratio	**197%**	196%
Investor View solvency surplus	**£2,804m**	£2,745m
Investor View capital cover ratio	**204%**	203%

The increase in both Regulatory and Investor View cover ratios since 31 December 2024 is primarily driven by benefits from the release from existing business being sufficient to offset the aggregate impact from the strain from new business (which includes the strain of writing new BPA new business), strategic development and corporate costs. There has been a 2% capital strain from new BPAs written so far in 2025 and we expect the investor ratio to reduce gradually over the short term as we write more BPA business and continue to invest in additional capabilities.

The Group's Solvency Capital Requirement reflects the diversified nature of our market and insurance risk exposures and, in particular, longevity risk written through our annuity businesses diversifies well with other risks of the in-force book of business.

We are broadening the range of illiquid assets we invest in within the Matching Adjustment Portfolio and entered into a new private placement credit mandate with RLAM, utilising their new investment capabilities. We also successfully gained regulatory Matching Adjustment approval for infrastructure debt and income-producing real estate debt assets in H1, broadening the scope of illiquid debt assets available for investment.

Within the UK, Royal London has one closed fund - the RL(CIS) Fund. The capital position of this closed fund is managed on a standalone basis and continues to be well capitalised with the residual estate being distributed to policyholders over time.

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 Solvency II leverage ratio[e] is 23% (31 December 2024: 22%), with the level of outstanding debt unchanged over the period.

[e] 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).

Statement of directors’ responsibilities

The Interim Results Announcement, including the Interim Financial Statements, is the responsibility of, and has been approved by, the directors.

In preparing the Interim Financial Statements, the directors:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) has been followed, subject to any material departures disclosed and explained in the Interim Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Interim Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

They are responsible for such internal controls as they determine are necessary to enable the preparation of Interim Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group.

Principal risks and uncertainties

The Board last reviewed the principal risks and uncertainties facing the Group in March 2025 at the time of the publication of the 2024 Annual Report and Accounts (ARA). The review took account of the ongoing economic conditions and the evolving geopolitical and regulatory environment. The Board considers that they have not changed significantly from those set out in the ‘Principal risks and uncertainties’ section of the Strategic Report within the 2024 ARA (royallondon.com/siteassets/site-docs/about-us/annual-reports/annual-report-and-accounts-2024-rl.pdf).

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 certain 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 a prolonged period of high interest rates; the performance of financial markets generally; the policies and actions of governmental and regulatory authorities (for example, new government legislation and initiatives); the impact of competition; the effect on Royal London's business and results from, in particular, mortality and morbidity trends and policy 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

Interim Financial Statements

Consolidated statement of comprehensive income

for the period ended 30 June 2025

	Group		
Technical account – long-term business	**Six months ended 30 June 2025 (unaudited) £m**	Six months ended 30 June 2024 (unaudited) £m	Year ended 31 December 2024 £m
Gross premiums written	**1,318**	980	1,851
Outwards reinsurance premiums	**(281)**	(98)	(358)
Earned premiums, net of reinsurance	**1,037**	882	1,493
Investment income	**2,380**	2,500	4,643
Unrealised gains on investments	**253**	3,615	5,046
Other income	**358**	372	728
Total income	**4,028**	7,369	11,910
Claims paid			
Gross claims paid	**(1,602)**	(1,595)	(3,318)
Reinsurers' share	**366**	292	616
Change in provision for claims			
Gross amount	**(17)**	3	11
Reinsurers' share	**(5)**	4	46
Claims incurred, net of reinsurance	**(1,258)**	(1,296)	(2,645)
Change in long-term business provision, net of reinsurance			
Gross amount	**(134)**	208	268
Reinsurers' share	**(23)**	(234)	12
	(157)	(26)	280
Change in technical provision for linked liabilities, net of reinsurance	**(1,968)**	(5,404)	(8,247)
Change in technical provisions, net of reinsurance	**(2,125)**	(5,430)	(7,967)
Change in non-participating value of in-force business	**179**	391	309
Net operating expenses	**(336)**	(320)	(652)
Investment expenses and charges	**(216)**	(194)	(409)
Other charges	**(136)**	(134)	(286)
Total operating expenses	**(688)**	(648)	(1,347)
Profit before tax and before transfer to the fund for future appropriations	**136**	386	260
Tax attributable to long-term business	**(21)**	(74)	(93)
Transfer to the fund for future appropriations	**115**	312	167
Balance on technical account – long-term business	**-**	-	-
Other comprehensive income, net of tax:			
Remeasurement of defined benefit pension schemes	**(8)**	(3)	(7)
Foreign exchange rate movements on translation of Group entities	**8**	(4)	(10)
Transfer to/(deduction from) the fund for future appropriations	**-**	(7)	(17)
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.

Consolidated balance sheet

as at 30 June 2025

	Group		
	30 June 2025 (unaudited) £m	30 June 2024 (unaudited) £m	31 December 2024 £m
ASSETS			
Intangible assets			
Goodwill	**31**	36	33
Negative goodwill	**(22)**	(29)	(25)
	9	7	8
Other intangible assets	**131**	138	134
	140	145	142
Non-participating value of in-force business	**3,264**	3,167	3,085
Investments			
Land and buildings	**49**	109	75
Other financial investments	**33,398**	33,730	33,275
	33,447	33,839	33,350
Assets held to cover linked liabilities	**94,516**	87,088	91,279
Reinsurers' share of technical provisions			
Long-term business provision	**3,233**	3,034	3,278
Claims outstanding	**136**	124	141
Technical provisions for linked liabilities	**(54)**	(47)	(57)
	3,315	3,111	3,362
Debtors			
Debtors arising out of direct insurance operations	**155**	51	21
Debtors arising out of reinsurance operations	**76**	80	61
Other debtors	**3,924**	3,369	3,280
	4,155	3,500	3,362
Other assets			
Deferred taxation	**7**	-	3
Tangible fixed assets	**25**	27	25
Cash at bank and in hand	**566**	458	499
	598	485	527
Prepayments and accrued income			
Deferred acquisition costs on investment contracts	**49**	53	50
Other prepayments and accrued income	**76**	74	62
	125	127	112
Pension scheme asset	**154**	169	164
Total assets	**139,714**	131,631	135,383

Consolidated balance sheet (continued)

as at 30 June 2025

	30 June 2025 (unaudited) £m	30 June 2024 (unaudited) £m	31 December 2024 £m
LIABILITIES			
Subordinated liabilities	**1,285**	1,284	1,284
Fund for future appropriations	**4,371**	4,411	4,256
Technical provisions			
Long-term business provision	**30,978**	31,007	30,906
Claims outstanding	**422**	357	404
	31,400	31,364	31,310
Technical provisions for linked liabilities	**94,275**	86,912	91,072
Provisions for other risks			
Deferred taxation	**122**	89	107
Other provisions	**150**	172	176
	272	261	283
Creditors			
Creditors arising out of direct insurance operations	**325**	319	300
Creditors arising out of reinsurance operations	**1,511**	1,644	1,540
Amounts owed to credit institutions	**117**	73	27
Other creditors including taxation and social security	**6,017**	5,212	5,123
	7,970	7,248	6,990
Accruals and deferred income	**141**	151	188
Total liabilities	**139,714**	131,631	135,383

Notes to the Interim Financial Statements

1. Basis of preparation

The Interim 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 Interim 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/siteassets/site-docs/about-us/annual-reports/annual-report-and-accounts-2024-rl.pdf).

The reporting rules applicable for the Group do not require compliance with the requirements of FRS 104 'Interim Financial Reporting' and these Interim Financial Statements have not been prepared in compliance with the disclosure requirements of that standard. The Interim Results Announcement for the period ended 30 June 2025 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The comparative results for the full year 2024 have been taken from the Group's 2024 ARA unless stated otherwise. The Group's 2024 ARA has been reported on by the Group's auditor and filed with the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor 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 Interim 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) 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 to 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 Interim Financial Statements. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the Interim 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, later life offerings and bulk purchase annuities 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 APM. The Company's Board of Directors considers 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			
	Six months ended 30 June 2025 (unaudited)			
	UK £m	Asset Management £m	Ireland £m	Total £m
Long-term business				
New business contribution	128	-	9	137
Existing business contribution	148	-	1	149
Contribution from AUM and other businesses	1	30	-	31
Business development costs	(20)	(9)	-	(29)
Strategic development costs	(29)	-	(1)	(30)
Amortisation of intangibles	(5)	(3)	-	(8)
Result from operating segments	**223**	**18**	**9**	**250**
Corporate items				(41)
Financing costs				(43)
Group operating profit before tax				**166**

	Group			
	Six months ended 30 June 2024 (unaudited)			
	UK £m	Asset Management £m	Ireland £m	Total £m
Long-term business				
New business contribution	97	-	6	103
Existing business contribution	138	-	3	141
Contribution from AUM and other businesses	(3)	52	-	49
Business development costs	(15)	(7)	-	(22)
Strategic development costs	(29)	(6)	(4)	(39)
Amortisation of intangibles	(5)	(3)	-	(8)
Result from operating segments	**183**	**36**	**5**	**224**
Corporate items				(37)
Financing costs				(43)
Group operating profit before tax				**144**

	Group			
	Year ended 31 December 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**