



ANNUAL GENERAL MEETING **14 JUNE 2017**





TIM HARRIS



**GROUP FINANCE
DIRECTOR**

OVERVIEW OF 2016

- Strong new business sales
- EEV operating profit before tax increased by 16%
- New record for funds under management
- Robust capital position

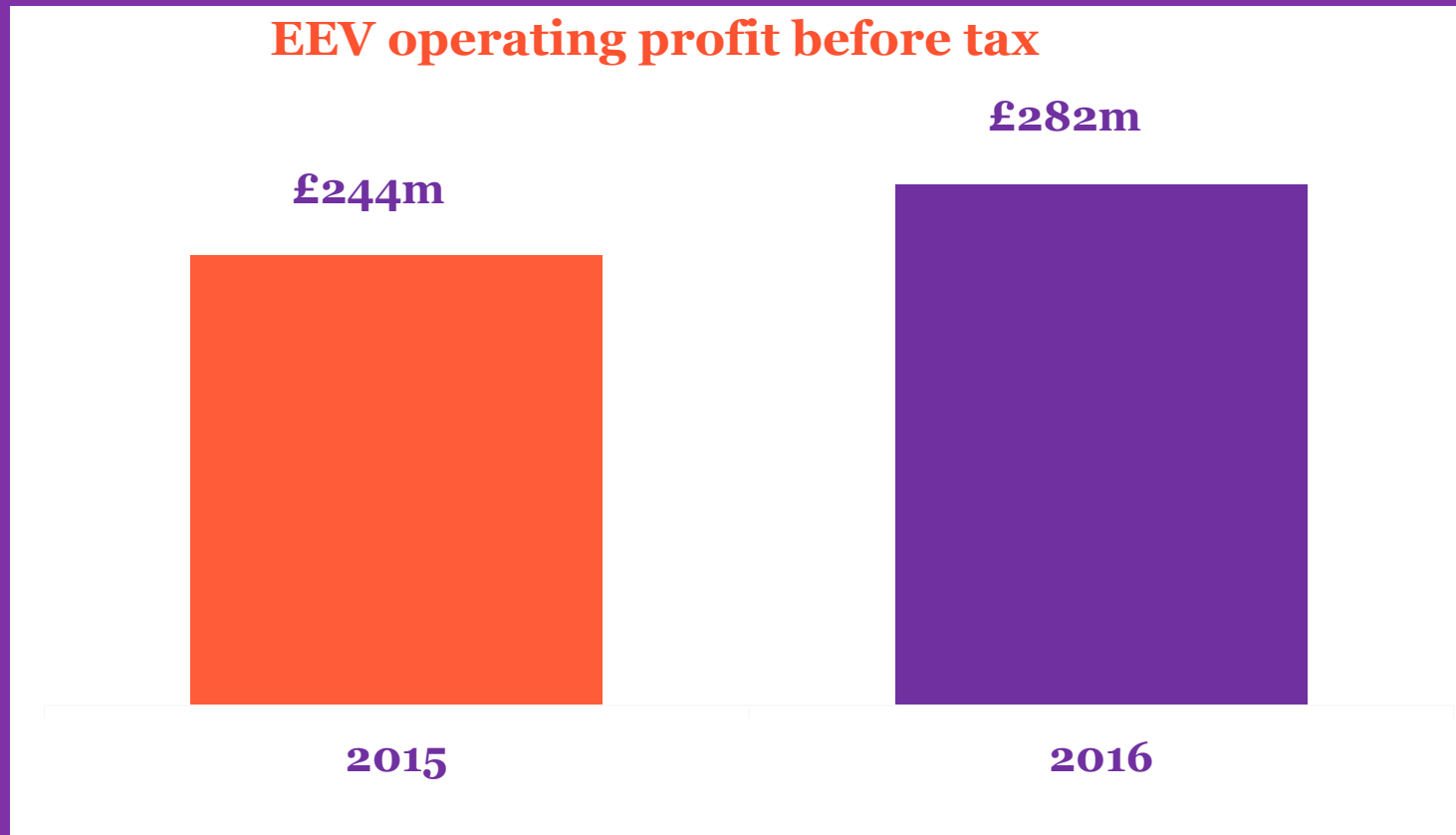
KEY DEVELOPMENTS

DEVELOPING NEW SYSTEMS AND COST CONTROL

- Investment in the Business
- Operational efficiency

EEV PROFIT

EEV OPERATING PROFIT INCREASE DRIVEN BY NEW BUSINESS



£282m
+ 16%

- Delivered a **strong operating profit** on an EEV basis in 2016 despite the challenges and uncertainty in the market.

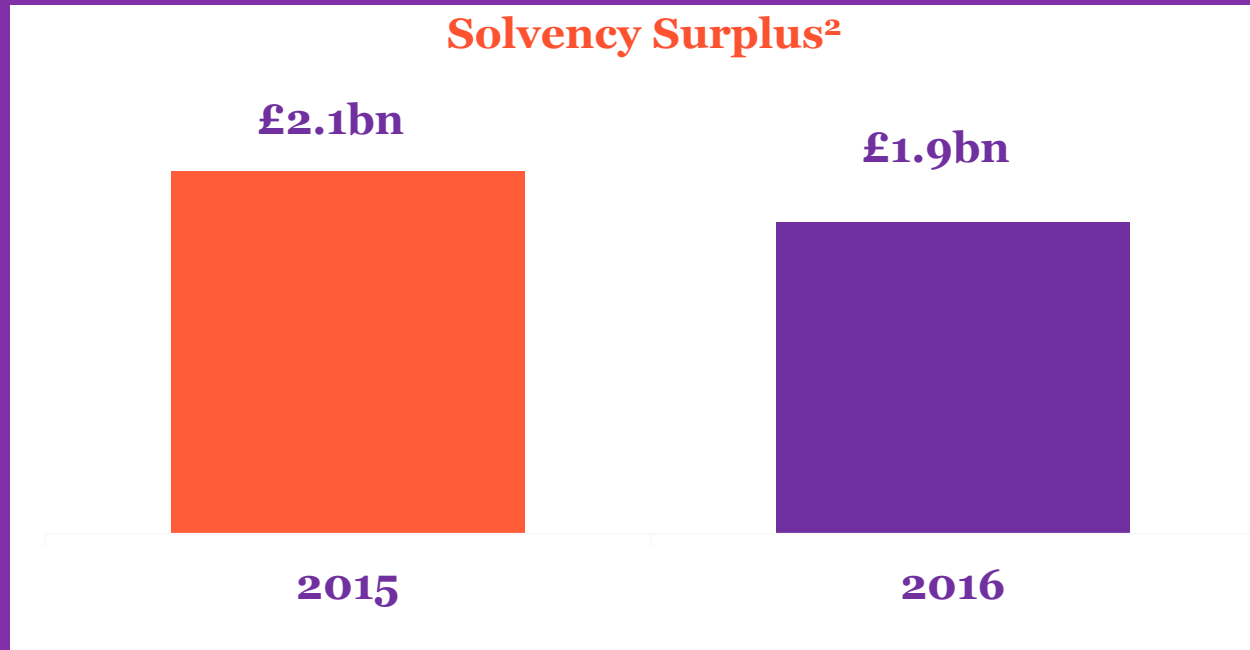
INTRODUCTION TO SOLVENCY II

- Our capital is now calculated on a **Solvency II basis**.
- On 1 January 2016, Solvency II came into effect.
- We **succeeded** in meeting all necessary requirements, including Solvency & Financial Condition Report (SFCR).

CAPITAL STRENGTH

CAPITAL POSITION

**Solvency II
Capital Cover Ratio¹ 155%**



- The capital cover ratio is a good indicator of our ability to withstand tough economic conditions.

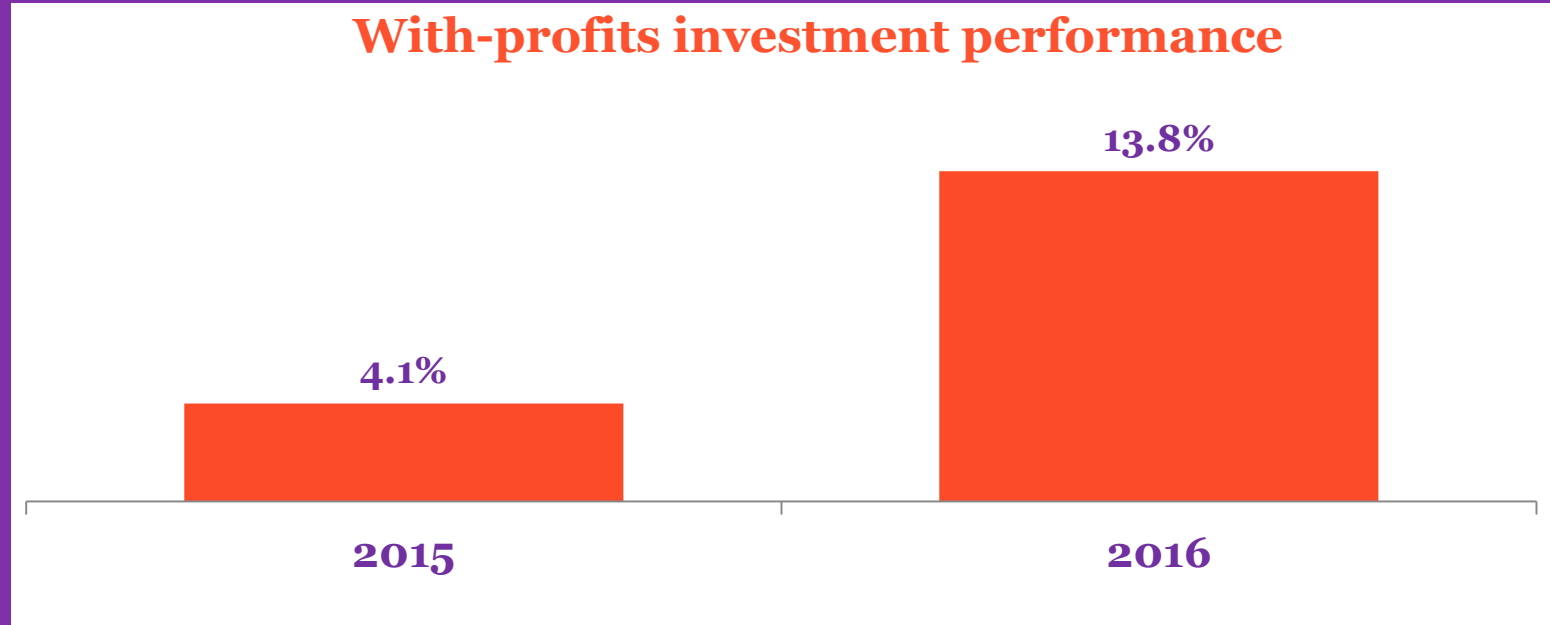
- Solvency surplus is the amount by which our capital position exceeds the capital we are required to hold.

1. The Solvency II capital cover ratio is the total Own Funds of the Royal London Open Fund and Royal London Closed Funds divided by the Solvency Capital Requirement. It includes the restriction of the surplus in the Closed Funds. The figures assume the Transitional Measures on Technical Provisions has not been recalculated at 31 December 2016, and assume a capital add-on agreed with the PRA that became effective on 1 January 2016.

2. Solvency surplus is the amount by which our capital position (Own Funds) exceeds the Solvency Capital Requirement, which is the amount of capital needed to ultimately pay all policyholders in a very extreme scenario (a 1-in-200 year event). The surplus figures in the chart above are for the Total Company and are stated before closed fund restrictions of £2.6bn.

**RETURNING VALUE TO OUR
MEMBERS
AND POLICY HOLDERS**

RETURN ON INVESTMENTS

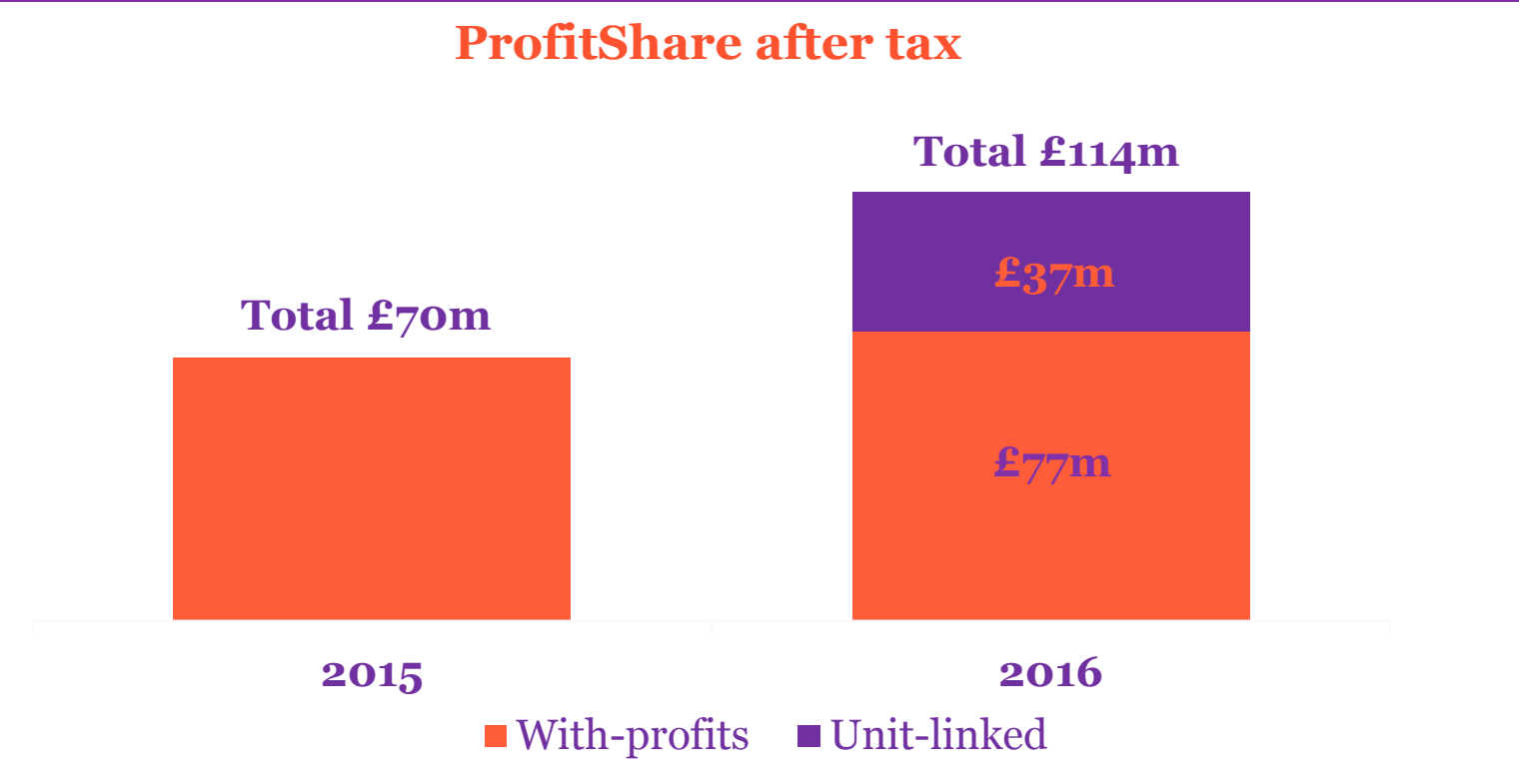


- Investment returns for Royal London policyholders were **strong** in absolute terms.
- Brexit and the US Presidential election, created significant volatility and uncertainty in financial markets during 2016.

BONUSES

- £679m of bonuses added to with-profits policies.
- An **extra annual bonus of 0.18%** has been awarded relating to ProfitShare
- Returned **good value** to our with-profits policyholders
- Payouts that were added to maturing policies during the year **compare well with the industry.**

PROFITSHARE



£114m
+ 63%

SUMMARY

- Impressive financial results
- We continue to put customers and members first
- Expect momentum from workplace pensions will slow in future periods as auto-enrolment comes to an end
- Capital position remains robust