

16 September 2021

Half-Year Trading Update

Good results and substantial capital mean that we are well positioned for growth opportunities

Rothesay, the UK's largest pensions insurance specialist, today provides an update on its trading and financial performance for the first half of 2021.

- **New business:** Rothesay completed de-risking transactions with seven pension schemes in the first six months of 2021, resulting in new business premiums of £1.6bn (HY 2020: £0.7bn). Rothesay now secures the pensions of over 850,000 people. The Group's disciplined approach to underwriting means it will remain patient in the current tight asset spread environment to ensure returns from new business are appropriate.
- **Solvency:** The Group's solvency remains strong with a Solvency Capital Requirement (SCR) coverage ratio of 202% at 30 June 2021. Surplus capital of £3.6bn means that we are well positioned for future growth opportunities.
- **Financial performance:** The Group generated first half unaudited pre-tax IFRS profits of £329m.
- **Assets under management:** The Group's assets under management fell to £60.6bn primarily as a result of rising long-term interest rates (2020: £62.0bn). The asset portfolio has an average credit rating of 'AA'.
- **Market consistent embedded value (MCEV):** Significant MCEV gains generated from new business and other operating profits were offset by the impact of rising long-term interest rates and the Government's decision to increase the future corporation tax rate to 25%. This has led to the MCEV of the Group falling to £6.7bn as at 30 June 2021 (2020: £7.0bn).
- **Credit Ratings:** Rothesay's ratings have been reaffirmed by both Fitch Ratings and Moody's Investors Service. Rothesay Life Plc is rated A+ (Strong) for the Fitch Insurer Financial Strength Rating, and A3 for the Moody's Insurance Financial Strength Rating. The rating outlook remains stable from Fitch and has been upgraded from stable to positive by Moody's.
- **Net Zero by 2050:** The Group is committed to transitioning its investment portfolio to net zero greenhouse gas emissions by 2050 and to a 20% reduction in Carbon Intensity by 2025.
 - Current Carbon Intensity of 188 t CO₂e/mm USD revenue for Rothesay's investment portfolio is low compared to market peers.

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- Rothesay has joined the UN-convened Net-Zero Asset Owner Alliance and commits to regularly reporting on its progress to net zero by adopting interim reduction targets every five years.
- The company has also committed to its own operations becoming carbon neutral or negative by 2023.
- **COVID-19:** All parts of the business have been able to operate effectively despite the ongoing challenges presented by COVID-19. Throughout the pandemic, we have continued to provide our policyholders and clients with industry-leading levels of customer service. No changes have yet been made to longevity assumptions in response to the impact of COVID-19.

Addy Loudiadis, Chief Executive Officer of Rothesay, said: “Rothesay’s financial strength means that we are well positioned to capitalise on business opportunities as they arise. We remain disciplined in new business pricing and patient in investing assets, particularly in the current low spread environment. Our purpose-built risk management systems continue to allow us to navigate volatile markets well and we remain dedicated to delivering excellent levels of customer service for our policyholders.

The bulk annuity market remains buoyant, with 2021 expected to be another good year for pensions risk transfer and the medium term outlook is excellent. As we continue to grow, it’s vital that our industry works together to deliver a clear pathway to net zero and champions the regular reporting needed to keep our efforts on track. At Rothesay, we see this as a fundamental part of our commitment to providing our policyholders with security for the future.”

The Group’s solvency metrics as at 30 June 2021 are summarised in the table below:

	Group	Rothesay Life Plc
	£m	£m
Own funds available to meet SCR	7,081	7,169
SCR	3,508	3,508
Surplus above SCR	3,573	3,661
SCR coverage	202%	204%

ENDS

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Notes to Editors

About Rothesay

Rothesay is the UK's largest pensions insurance specialist, purpose-built to protect pension schemes and their members' pensions. With over £60 billion of assets under management, we secure the pensions of more than 850,000 people and pay out, on average, approximately £230 million in pension payments each month.

Rothesay is dedicated to providing excellence in customer service alongside prudent underwriting, a conservative investment strategy and the careful management of risk. We are trusted by some of the UK's best known companies to provide pension solutions, including the schemes of Allied Domecq, Asda, British Airways, Cadbury's, the Civil Aviation Authority, National Grid, the Post Office, Prudential and telent.

Rothesay has two substantial institutional shareholders, GIC and Massachusetts Mutual Life Insurance Company ("MassMutual"), who provide the company with long-term support for its growth and development. In September 2020, our shareholders increased their investment in Rothesay through a transaction which valued the business at £5.75bn.

Rothesay refers to Rothesay Limited and its subsidiaries and is the trading name for Rothesay Life Plc, an insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number: 466067. Rothesay Life Plc is registered in England and Wales with company registration number: 06127279 and registered address: Rothesay Life Plc, The Post Building, 100 Museum Street, London WC1A 1PB. Further information is available at www.rothesay.com