

27 March 2025

Full-Year Trading Update

Significant new business demonstrates strength of Rothestay's de-risking capabilities

Rothestay, the UK's largest pensions insurance specialist, today provides an update on its trading and financial performance for 2024.

- **New business:** In total, Rothestay generated new business premiums of £15.7bn in 2024 (2023: £12.7bn). Transactions included insuring £9.6bn of liabilities with NatWest Group Pension Fund, the acquisition of Scottish Widows' bulk annuity portfolio from Lloyds Banking Group and pension risk transfers with four other pension schemes.
- **Market outlook:** A buoyant but competitive bulk annuity market driven by an ongoing desire from pension scheme trustees and corporate sponsors to transfer their risk continues to create considerable new business opportunities. In 2024, Rothestay was engaged in pricing its largest ever number of individual pension risk transfer transactions and it expects a similar level of activity over 2025. Rothestay's substantial capital resources combined with the proven strength of its execution capabilities mean it remains well-placed to complete some of the largest and most innovative transactions in the market while maintaining pricing discipline and the Group's cautious approach to risk management.
- **Assets & liabilities:** Assets under management increased to £70.7bn (2023: £61.0bn) at 31st December 2024. Rothestay now secures the pensions of over one million people and makes £3.8bn in annual payments to its policyholders.
- **Solvency:** The Group's solvency position continues to be very strong, with a Solvency Capital Requirement (SCR) coverage ratio of 261% at 31st December 2024 (2023: 273%). Surplus capital of £5.3bn (2023: £5.4bn) means that Rothestay is well-placed for future growth. The Group also successfully executed two subordinated debt issuances with a combined value of approximately £750m in June 2024 (£500m of Tier 2 debt in the sterling market and an inaugural \$325m of Tier 2 debt raised in the US dollar market). This allowed the Group to efficiently refinance £400m of existing subordinated debt, which was repaid on 17th September 2024, whilst further supporting its ability to execute substantial volumes of future new business.
- **Financial performance:** The Group generated adjusted operating profits of £1,779m (2023: £1,358m) and pre-tax IFRS profits of £113m (2023: £906m).
- **Market consistent embedded value (MCEV):** Rothestay's MCEV at 31st December 2024 was £7.7bn (2023: £7.5bn). Substantial gains driven from new business and investment performance were partially offset by the impact of interest rates. Further gains are

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expected as the assets relating to these new business transactions continue to be invested in line with Rothesay's long-term investment strategy.

- **Dividend:** In October 2024, Rothesay paid an interim dividend of £361m or 23p per share.
- **Shareholders:** Rothesay's two shareholders, GIC and MassMutual, provide the Group with exceptional long-term support. GIC decided to reinvest the interim dividend paid by Rothesay in 2023 into the business. Following this reinvestment, GIC is now a 50.2% shareholder in Rothesay (2023: 48.9%) and MassMutual is a 47.6% shareholder (2023: 48.9%). GIC and MassMutual retain equal governance rights, including an equal number of Board Director positions and both remain committed to providing primary capital should the company require it for significant growth opportunities.
- **Risk management:** Rothesay's long-term investment in market-leading risk management systems, combined with its comprehensive liquidity risk management framework, meant that the Group's solvency and liquidity position remained very strong in 2024. The Group operates a cautious, long-term investment strategy which seeks to diversify exposure and reduce risk, generating the dependable returns that create real security for our policyholders' pensions.
- **Credit ratings:** Rothesay Life Plc has a Fitch Insurer Financial Strength Rating of A+ (Strong) and a Moody's Insurance Financial Strength Rating of A2. The rating outlook is stable from both.
- **Customer service excellence & industry recognition:** Rothesay continues to meet the highest standards of consumer protection as set out in the Consumer Duty regulation. The Group maintained very high customer service standards during the year, with over 96% (2023: 94%) of customers rating the quality of service received as good or excellent. Rothesay's commitment to deliver excellent customer service continues to be recognised by the Pension Administration Standards Association which re-accredited the Group with its Gold Standard. Rothesay was also proud to win Insurance Company of the Year at the Insurance Asset Management Awards for the third year in a row.
- **Investing in our people:** Rothesay recruited new talent throughout the year, with employee numbers increasing to 539 (2023: 460). The Group added two new floors to its office space in 2024 to provide employees with further opportunities for collaboration.
- **ESG & productive investment:** Rothesay's MSCI Environmental, Social and Governance (ESG) rating has been upgraded to AAA (2023: AA), the highest possible rating. The Group is committed to transitioning its investment portfolio to Net Zero greenhouse gas emissions by 2050 and published a new commitment this year to achieve a 50% Carbon Intensity reduction across its total investment portfolio by 2030. In total, Rothesay has invested £29.1bn in companies and projects that benefit the UK, such as transport, infrastructure, education and social housing. Rothesay is also a signatory to the Financial Reporting Council's UK Stewardship Code.
- **Title Partner of Test Cricket:** Rothesay announced a new multi-year partnership with the England and Wales Cricket Board (ECB), the national governing body of cricket. Through the partnership, Rothesay became the Official Title Partner of Test Cricket, launching the

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'Rothesay Test Series'. Rothesay is also an Official Partner of the ECB & England Cricket, Official Partner of England Women's Cricket and title sponsor of the County Championship. Rothesay is proud to partner with the ECB to support the future of cricket and inspire all generations by making cricket a game for everyone.

- **The Rothesay Foundation:** Along with a number of other initiatives it supported to help the vulnerable elderly, the Rothesay Foundation provided £2.5m to Age UK to significantly expand its flagship national benefits check service. The funding will allow Age UK to help an additional 11,000 pensioners unlock £55m of annual benefits they are entitled to and support the Government's campaign to raise public awareness of these benefits.

Tom Pearce, Chief Executive Officer of Rothesay, said: "Rothesay achieved another strong year of growth, delivering significant volumes of new business. This positive momentum is testament to our proven execution capabilities, substantial capital resources and the support from our two long-term shareholders.

As we head into 2025, a busy and competitive pension risk transfer market is already generating an exciting pipeline of potential new business opportunities. We continue to innovate and invest across our business to enable us to complete the largest and most sophisticated transactions in our market while maintaining pricing discipline and our cautious approach to risk management. Rothesay is purpose-built to protect pensions and we are proud to secure the future for over one million policyholders and deliver on our commitment to provide the highest levels of customer service."

The Group's solvency metrics as at 31st December 2024 are summarised in the table below:

	Group	Rothesay Life Plc
	£m	£m
Own funds eligible to meet SCR	8,525	8,628
SCR	3,262	3,262
Surplus above SCR	5,263	5,366
SCR coverage	261%	264%

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 £70 billion of assets under management, we secure the pensions of more than one million people and pay out, on average, over £300 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 the pension schemes of some of the UK's best known companies to provide pension solutions, including British Airways, Cadbury's, the Civil Aviation Authority, the Co-operative Group, National Grid, Morrisons 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.

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