

13 December 2022

Rothesay secures £1.2bn full scheme buy-in for The Co-operative Bank

- £1.2bn full scheme buy-in insures the liabilities of The Bank Section of the Co-operative Pension Scheme
- Transaction protects the pension benefits of more than 9000 members – c.2500 pensioners and c.6500 deferred pensions
- Eighth transaction of 2022 for Rothesay, with the insurer also exclusive and in execution on more than £5bn of new business with other pension schemes over the remainder of the year and into 2023

Rothesay, the UK's largest specialist pensions insurer, today announces that it has completed a £1.2bn full scheme buy-in with The Bank Section (the "Section") of the Co-operative Pension Scheme (the "Scheme"). The Section is sponsored by The Co-operative Bank (the "Sponsor"), the Manchester-headquartered retail and SME bank.

The transaction secures the benefits for all uninsured members of the Section - defined benefit liabilities for 2474 pensioners and dependants and a further 6531 deferred members, following a £400m buy-in in 2020.

This buy-in, which required no contribution from the Sponsor, is part of a long-term plan to de-risk the Scheme, and the Trustee and Rothesay have been working together on this transaction since early 2022.

The agreement features residual risks, and the premium was locked to the Section's asset portfolio and paid by in specie transfer.

The Co-operative Bank buy-in is the eighth transaction of 2022 for Rothesay, and the insurer is also exclusive on a further £5bn of new business that is expected to complete by the end of this year and into the next.

The lead broker on the transaction was Aon, acting for the Trustee. Legal advice was provided to the Trustee by Linklaters and to Rothesay by Gowlings WLG. The Bank was advised by XPS Pensions Group and Clifford Chance.

Tom Pearce, CEO of Rothesay, said: *"We are very pleased to support The Co-operative Bank with this important step in its journey toward buy-out. After working with the trustee and their advisers for some time, we have been impressed by their focus on the end goal and determination to provide pension security for all their members."*

Demand for de-risking is the strongest we have ever seen and there are exciting new business opportunities stretching out into 2023. Our significant capital surplus means we are very well-placed to execute against this demand, so the outlook has never been more positive."

Chris Martin, Chair of Trustees, said: *"We are delighted to have taken this significant step in our de-risking plans, further improving member security. Our advisers' commitment to our cause and Rothesay's flexibility and market insight meant we were able to navigate the recent volatility and design an innovative solution."*

Rothesay

Nick Slape, CEO of The Co-operative Bank, said: *“The Bank is supportive of the strong stewardship and de-risking actions taken by the Trustee. This delivers a positive outcome for members of the Bank Section, through offering enhanced protection of benefits, whilst also supporting our corporate objectives. I am delighted that we have been able to work co-operatively with the Trustee and Rothesay to reach this point”*

Martin Bird, Senior Partner at Aon said: *“In what has proven to be one of the most volatile and busy years on record, we are extremely pleased to have supported the Trustee in achieving this significant milestone, helping to provide further security for members of the Section.”*

Phil Goss from Linklaters said: *“Having worked with the Scheme for a number of years, it's been very rewarding to support the Trustee as they prepared for and completed this major step. This transaction shows once again that, with a collaborative approach from all stakeholders, solutions can always be found for even quite complex and non-standard risks.”*

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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 £50 billion of assets under management, we secure the pensions of more than 810,000 people and pay out, on average, approximately £200 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 Asda, British Airways, Cadbury's, the Civil Aviation Authority, National Grid, the Post Office 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 at that time.

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

About The Co-operative Bank

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The Co-operative Bank plc provides a full range of banking products and services to retail and SME (Small and Medium Sized Enterprises) customers and is committed to values and ethics in line with the principles of the co-operative movement.

In 1992 The Co-operative Bank took a pioneering step to become the UK's first bank to have a customer-led Ethical Policy. And it's still unique today. The Bank's Ethical Policy defines how it acts as a business, the causes it supports and the ways it uses (and won't use) customers' money. It is shaped by the views of customers in regular Values & Ethics Polls.

In 2022 The Co-operative Bank is celebrating its 150th year of providing ethical banking services, and remains strongly positioned to provide an ethical alternative in the UK banking market.]