

23 February 2021

## Full-Year Trading Update

### Strong performance despite COVID-19

Rothesay Limited, the UK's largest pensions insurance specialist, today provides an update on its trading and financial performance for 2020.

- **New business:** Rothesay wrote £7.0bn of new pension bulk annuity business during 2020 (2019: £16.3bn), assisting 12 schemes to de-risk their pension liabilities. New business included a follow-on buy-in with National Grid, Rothesay's first Local Government Pension Scheme policy for Aberdeen City Council, and transactions with IBM UK Pensions Trust, Sony Music, Littlewoods and Marathon Services. Rothesay now secures the pensions of over 845,000 people.
- **Assets under management:** The Group's assets under management grew to £62.0bn (2019: £53.7bn), with an average asset portfolio rating of 'AA'.
- **Record financial performance:** Reflecting the strong growth in assets over the previous two years, the Group reports a record pre-tax IFRS profit of £1,469m (2019: £640m) on a consolidated basis. This follows the successful deployment, despite market volatility, of the considerable assets received as premium in 2019 consistent with the Group's long-term, high quality and secured investments strategy.
- **Solvency:** The Group's solvency position remains strong with a Solvency Capital Requirement (SCR) coverage ratio of 201% (2019: 202%). Regular stress testing and live monitoring of the financial and solvency position of Rothesay has allowed it to respond dynamically as market conditions have evolved throughout the year.
- **Market consistent embedded value:** Strong performance throughout the year has increased the market consistent embedded value (MCEV) of the Group to £7.0bn (2019: £6.0bn). This represents a significant growth in the Group's MCEV in two years (2018: £3.4bn).
- **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 outlooks remain stable from both agencies. The Group's ultimate holding company, Rothesay Limited, is rated A for the Fitch Long-Term Issuer Default Rating and Baa2 for the Moody's Issuer Rating.
- **Shareholders:** In September 2020, GIC and MassMutual increased their investment in the Group through a transaction which valued Rothesay at £5.75bn. They are both equal shareholders in the business.
- **COVID-19:** Despite the unprecedented challenge of COVID-19, all areas of the Group's business remained fully functional throughout the year. Almost all employees have been working from home since March and the Group has continued to invest in its purpose-built IT systems and infrastructure to enhance its market leading operating capabilities. All employment offers made before the pandemic were honoured. At the end of 2020 Rothesay had 305 employees, an increase of 21% from 2019. Policyholder satisfaction remains extremely high, with 95% of policyholders surveyed rating Rothesay's service as "good" or "excellent".

# Rothesay

**Addy Loudiadis, Chief Executive Officer of Rothesay, said:**

“2020 was a very strong year for Rothesay despite the unprecedented challenge of COVID-19. This year, more than ever, we have seen the value of the purpose-built risk management infrastructure that we have developed to protect policyholders’ pensions. This has allowed us to effectively navigate significant volatility throughout the year while continuing to write very large volumes of new business.

I am incredibly proud of the way in which our people have responded to the crisis. Through their determined efforts we have maintained our financial and operational resilience while delivering consistently excellent levels of customer service for our policyholders. We enter 2021 exclusive on, or having closed, a combined £1.2bn of new business and expect it to be another busy year in the bulk annuity market. Our strong capital position and supportive shareholders ensure that we are well positioned to pursue these and other strategic opportunities. I look forward to the year ahead with confidence about what the future holds for Rothesay, our customers and our stakeholders.”

The Group’s solvency metrics are summarised in the table below:

	<b>Group</b>	<b>Rothesay Life Plc</b>
Own Funds available to meet SCR	£7,277m	£7,353m
SCR	£3,623m	£3,623m
Surplus above SCR	£3,654m	£3,730m
SCR coverage (%)	201%	203%

**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 £62 billion of assets under management, we secure the pensions of over 845,000 people and pay out, on average, more than £230 million in pension payments each month.

# Rothesay

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](http://www.rothesay.com)