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PRESS RELEASE

Rothesay Life has delivered strong first half performance

Rothesay Life Plc today updates on its H1 2019 trading performance¹.

The focus of the first half of 2019 has been deployment of the assets received as part of the Prudential transaction and capitalising on the opportunities in the bulk annuity market.

We have now successfully deployed all of the assets received from the Prudential transaction in a manner consistent with our original underwriting and our long-term investment strategy. This has helped contribute to the Group's first half unaudited pre-tax IFRS profit of £403m on a consolidated basis².

In the first half of 2019 we assisted four pension schemes to de-risk their liabilities, resulting in new business premiums of £0.7bn. The new business pipeline is very strong. As usual, where we are successful in writing new business, we will remain patient in asset origination which may in turn impact short term IFRS profit performance ahead of anticipated longer term gains.

As at 30 June 2019, the Group's assets under management were £37.7bn and the market consistent embedded value of the Group had increased to £3.7bn.

The Group's solvency position remains robust with a Solvency Capital Requirement (SCR) coverage ratio of 176% at the level of the Group's operating company, Rothesay Life Plc, and 177% at Group level as at 30 June 2019 as shown in the table below:

	Group	Rothesay Life Plc
Own Funds available to meet SCR	£4.08bn	£4.07bn
SCR	£2.31bn	£2.31bn
Surplus above SCR	£1.77bn	£1.76bn
SCR coverage (%) ³	177%	176%
MCR	£0.68bn	£0.68bn
Own Funds available to meet MCR	£3.55bn	£3.54bn
MCR coverage (%)	522%	521%

SCR coverage at Group level is higher than at the operating company level because of cash held at Group. The risk profile of the business is relatively unchanged since 31 December 2018 and, as a result, the risk sensitivities as at 30 June 2019 are broadly similar to those disclosed as at 31 December 2018.

As previously announced, Fitch Ratings has reaffirmed Rothesay Life Plc's Insurer Financial Strength Rating at 'A+' (Strong) and Long-Term Issuer Default Rating (IDR) at 'A'. Fitch has also affirmed the group's ultimate holding company, Rothesay Holdco UK Limited's (Rothesay) IDR at 'A'. The outlooks are stable. Fitch also assigned Rothesay Life Plc's publicly issued GBP250million subordinated Tier 2 notes a 'BBB+' rating.

¹ All H1 2019 financials are preliminary and unaudited

² References to the "Group" in this announcement mean Rothesay Holdco UK Limited and its subsidiaries and subsidiary undertakings. The profit figure has been calculated in accordance with IFRS accounting policies of the Group and in a manner consistent with its audited financial statements for the year ended 31 December 2018.

³ We estimate that were we to recalculate transitional solvency relief as at 30 June 2019 then SCR coverage would improve by 4% at both levels.

ENDS

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About Rothesay Life

Rothesay Life was established in 2007 and has become one of the leading providers of regulated insurance solutions in the U.K. market for pensions de-risking. This strong growth has been achieved through the steady accumulation of pension scheme clients, significant strategic acquisitions and the reinsurance of annuity portfolios. Rothesay Life has assets under management of over £37bn and insures the pensions of over 770,000 individuals.

Existing Rothesay Life clients include the pension schemes and customers associated with such names as Prudential, RSA, British Airways, Rank, Uniq, General Motors, the MNOPF (Merchant Navy Officers Pension Fund), InterContinental Hotels, Philips, GKN, Lehman Brothers, Aegon, Zurich Assurance, the Post Office and the Civil Aviation Authority.

Rothesay Life was founded on several core pillars:

- Clear and disciplined business strategy;
- Prudent underwriting;
- Meticulous management of risk and cautious investment strategy offering absolute customer security;
- Excellence in execution; and
- Robust operational processes underpinning excellent customer service

Rothesay Life has three substantial institutional shareholders, Blackstone, GIC and Massachusetts Mutual Life Insurance Company, who provide the company with long term support for its growth and development.

Rothesay Life is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Further information is available at www.rothesaylife.com.