

25 September 2024

## Half-Year Trading Update

### Significant new business volumes demonstrate strength of execution capabilities and capital resources

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

- **New business:** In total, Rothesay generated new business premiums of £9.5bn in the first half of 2024 (HY2023: £1.9bn, FY2023: £12.7bn). Transactions included the acquisition of Scottish Widows' bulk annuity portfolio from Lloyds Banking Group, Rothesay's sixth acquisition of in-force annuities. In addition, Rothesay completed de-risking transactions with three pension schemes.
- **Market outlook:** A buoyant bulk annuity market driven by ongoing desire from pension trustees and corporate sponsors to transfer their risk continues to create considerable new business opportunities. Rothesay's substantial capital resources combined with the proven strength of its execution capabilities mean the Group is well-placed to complete some of the largest and most complex transactions in the market, positioning it strongly for the second half of the year and into 2025.
- **One million pensions protected:** Rothesay now secures the pension policies of over one million people. The Group maintained high levels of customer service throughout the first half of 2024, with over 95% (HY2023: 95%, FY2023: 94%) of policyholders rating the quality of service received as good or excellent.
- **Assets:** Assets under management as at 30th June 2024 increased to £68.5bn (FY2023: £61.0bn).
- **Solvency:** Whilst writing significant volumes of new business in the first half of 2024, the Group's solvency position continues to be very strong and above target operating range, with a Solvency Capital Requirement (SCR) coverage ratio of 244% as at 30th June 2024 (FY2023: 273%). Surplus capital of £5.1bn (FY2023: £5.4bn) means that Rothesay is well-placed for future growth. The Group also successfully executed two subordinated debt issuances with a combined value of approximately £750m in June (£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's adjusted operating profits for the first half of 2024 were £725m (HY2023: £403m) and pre-tax IFRS profits were £21m (HY2023: £260m).

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- **Market consistent embedded value (MCEV):** Substantial MCEV gains generated from new business and other operating profits were partially offset by changes in financial market conditions. Further gains are expected as the assets relating to these new business transactions are invested in line with Rothesay's investment strategy. Rothesay's MCEV as at 30th June 2024 is £7.6bn (FY2023: £7.5bn).
- **Dividend:** Rothesay has declared an interim dividend of 23p per share.
- **Shareholder matters:** Rothesay's two shareholders, GIC and MassMutual, provide the Group with exceptional long-term support. GIC has 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 (FY2023: 48.9%) and MassMutual is a 47.6% shareholder (FY2023: 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 the first half of 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.
- **Net Zero by 2050:** Rothesay is committed to transitioning its investment portfolio to Net Zero greenhouse gas emissions by 2050. To support this, the Group published a new commitment this year to achieve a 50% Carbon Intensity reduction across its total investment portfolio by 2030. In total, Rothesay has made £16.1bn of sustainable investments across companies and sectors like social housing, education, healthcare and renewables. Rothesay is also a signatory to the Financial Reporting Council's UK Stewardship Code and has an MSCI ESG rating of AA.
- **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 'Rothesay Test Series'. Rothesay is also an Official Partner of ECB & England Cricket and Official Partner of England Women's Cricket. We look forward to partnering with the ECB to support the future of cricket and helping to inspire all generations by making cricket a game for everyone.

**Tom Pearce, Chief Executive Officer of Rothesay, said:** "Rothesay continued to build on our very positive momentum in the first half of 2024, converting significant volumes of new business while maintaining our careful approach to risk management and pricing discipline. We are committed to investing in, and delivering, innovative solutions for our clients across all areas of

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the pension de-risking market to provide enhanced levels of execution certainty along with the capital capacity to secure even the largest risk transfer transactions.

I am delighted that Rothesay now protects the pensions of over one million policyholders in the UK, securing their future through our culture of operational excellence, purpose-built risk management systems and dedication to customer service.”

The Group’s solvency metrics as at 30th June 2024 are summarised in the table below:

	<b>Group</b>	<b>Rothesay Life Plc</b>
	£m	£m
Own funds eligible to meet SCR	8,562	8,667
SCR	3,506	3,506
Surplus above SCR	5,057	5,161
SCR coverage	244%	247%

**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 £68 billion of assets under management, we secure the pensions of more than one million 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 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

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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)