

Rothesay Life Trading Update

Rothesay Life in a very robust position despite the impact of Covid-19

Rothesay Life Plc (RLP) today publishes its 2019 Solvency and Financial Condition Report (SFCR) and provides an update on its performance during the first quarter of 2020.

- The Group¹ is closely monitoring developments relating to COVID-19. We invoked our business continuity procedures in early March without any interruption to our operations and are taking steps to mitigate any potential future impact.
- All Rothesay employees are working from home. Our systems are designed to work remotely at the same standard as in the office so the transition has been seamless with all parts of the business operating normally. This has enabled us to continue to provide our policyholders and clients with the same industry-leading levels of customer service.
- The Group operates a very cautious investment strategy and actively manages risk
 - Our investment portfolio is “AA”-rated on average with a high allocation to secured investments. We had only one downgrade to sub investment grade during Q1 with immaterial impact on solvency and have had none in Q2 to date
 - Given our access to real-time solvency information and the considerable market volatility we continue to take active steps to manage our risk exposures including realigning hedges between funds. Incorporating all of these management actions as if in place on 31 March 2020 gives pro-forma solvency cover of 204% at both Group and RLP²
- The Groups liquidity has remained very robust through the market turmoil and we continue to hold significant liquidity buffers
- Despite remote working, RL has executed or is exclusive on over £750m of new bulk annuity business
- Fitch Ratings affirmed RLP’s Insurer Financial Strength Rating at A+ (Strong) with a stable outlook on 7th May 2020

The table below shows the estimated solvency position as at 31 March 2020. This includes the impact of the amortisation of 1/16th of transitional solvency relief on 1 January 2020:

| | Group | | RLP | |
|---------------------------------|--|-----------|--|-----------|
| | 31-Mar-20 (Pro-Forma ²) | 31-Dec-19 | 31-Mar-20 (Pro-Forma ²) | 31-Dec-19 |
| | £m | £m | £m | £m |
| Own funds available to meet SCR | 6,805 | 6,132 | 6,810 | 6,113 |
| SCR | 3,335 | 3,038 | 3,335 | 3,038 |
| Surplus above SCR | 3,470 | 3,094 | 3,475 | 3,075 |
| SCR coverage | 204% | 202% | 204% | 201% |

¹ References to the “Group” in this announcement mean Rothesay Holdco UK Limited and its subsidiaries and subsidiary undertakings.

² Excluding post 31 March 2020 management actions, we estimate that both the Group's SCR coverage and RLP's SCR coverage was 183% as at 31 March 2020.

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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 £50bn and insures the pensions of over 800,000 individuals.

Existing Rothesay Life clients include the pension schemes and customers associated with such names as Asda, National Grid, Allied Domecq, Cadbury's, telent, Prudential, British Airways, 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 supporting enhanced 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. Registered in England No. 06127279. Further information is available at www.rothesaylife.com