

2<sup>nd</sup> May 2023

## First Quarter Trading Update

### Substantial capital surplus and proven execution capabilities deliver strong performance in a buoyant market

Rothesay, the UK's largest specialist pensions insurance company, today provides an update on its trading and financial performance for the first quarter of 2023.

- **New business:** Since the start of 2023, Rothesay has completed de-risking transactions with four pension schemes, resulting in new business premiums of c.£1.6bn.
- **Market outlook:** Rothesay is currently in advanced stages on over c.£10bn of further new business. A buoyant bulk annuity market continues to create significant new business opportunities, with Rothesay's own new business pipeline currently over £40bn. The Group continues to maintain its disciplined approach to underwriting to ensure returns from new business are appropriate.
- **Solvency:** Rothesay is pleased to announce that the Prudential Regulation Authority has approved its application to use a Full Internal Model (FIM) in relation to Rothesay's Solvency Capital Requirement (SCR). The FIM will be implemented during the second quarter of 2023. We estimate that the Group's solvency position as at 31<sup>st</sup> March 2023, pro-forma allowing for the impact of the FIM as of that date, would have been 243%. Our significant surplus capital means that Rothesay is well-placed for further future growth opportunities resulting from the positive conditions in the pension risk transfer market.
- **Market Consistent Embedded Value:** As of 31<sup>st</sup> March 2023, the Market Consistent Embedded Value of the Group was estimated to be c.£6.8bn (£6.4bn as at 31<sup>st</sup> December 2022).
- **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 throughout the significant turbulence in the financial markets in 2023. Rothesay has minimal exposure to BBB-rated bonds and no direct exposure to US regional banks. Rothesay's commercial real estate lending exposure is primarily through senior debt financing of landmark property assets with highly-rated tenants and owners, and low Loan to Value (LTV) ratios. As at 31 December 2022, the average LTV ratio on our commercial real estate loans was around 50%.
- **Credit ratings:** Rothesay Life Plc is rated A+ (Strong) for the Fitch Insurer Financial Strength Rating, and A2 for the Moody's Insurance Financial Strength Rating. The rating outlook is stable from both.

# Rothesay

**Tom Pearce, Chief Executive Officer of Rothesay, said:** “Rothesay’s substantial capital surplus combined with our extensive execution capabilities, particularly in relation to large and complex transactions, mean we are very well-positioned in an incredibly buoyant bulk annuity market. We have executed four transactions already in 2023 and are currently in advanced negotiations on a significant volume of additional new business, with an unprecedented pipeline for the rest of the year and into 2024.

As we navigate these exciting growth opportunities, we will always maintain our disciplined approach to underwriting, our focus on operational excellence and our continued investment in our market leading and purpose-built risk management systems.”

**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 £47 billion of assets under management, we secure the pensions of more than 825,000 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, the Civil Aviation Authority, the Co-operative Bank, William Hill, National Grid, Morrisons, 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.

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)