

FINANCIAL RESULTS

1st May 2014

Rothesay Life completes another year of strong growth underpinned by robust capital position

Rothesay Life Limited 2013 Full Year Financial Results and Business Highlights

Rothesay Life Limited, a leading life insurer specialising in providing bulk annuities and other de-risking solutions to defined benefit pension schemes and insurance companies, today announces its audited results and business highlights for the year ending 31st December 2013.

2013 Financial Results and Highlights

- £1.6bn of gross premium revenue during 2013, including transactions with Philips, InterContinental Hotels and British Airways, resulting in a 22% share of the UK bulk purchase annuity market in 2013¹
- Cumulative value of risk transfer transactions underwritten passed £12bn, making Rothesay Life the largest specialist insurer in the sector
- Pre-tax UK GAAP profit of £184.4m
- Special dividends totalling £281m paid during 2013. This is the first distribution by any specialist annuity provider in the sector
- Capital resources available at year-end of £654m result in a strong Pillar I solvency ratio of 229%
- Benefit payment to policyholders of £576m in 2013, insuring benefits for 154,000 individual pension scheme members
- Assets under management increased from £7.8bn to £8.9bn largely driven by new business growth²
- Funds managed by The Blackstone Group LLP (“Blackstone”), Singapore’s sovereign wealth fund, GIC Pte Ltd. (“GIC”), and MassMutual Financial Group (“MassMutual”) acquired a combined 64% shareholding in the company. The Goldman Sachs Group, Inc. (“Goldman Sachs”) retain a 36% stake in the company
- On 18 February 2014, Rothesay Life announced the acquisition of MetLife Assurance Limited, the UK bulk annuity business of MetLife, Inc. which has £3bn of assets under management and more than 20,000 scheme members

1. Source Hymans Robertson

2. Post payments of benefits and dividends. The difference between the assets of £8.9bn and the £12bn of liabilities insured results from longevity swaps. These longevity swaps are structured as bulk annuities where the premium is paid in regular instalments over the life of the contract and are distinct from bulk annuities which have a single premium paid upfront.

Key Performance Indicators

	2013	2012	2011
Gross premium revenue	£1.6bn	£1.3bn	£1.2bn
Cumulative notional of risk transferred	£12.3bn	£10.6bn	£9.6bn
Assets under management	£8.9bn	£7.8bn	£6.6bn
Profit before tax	£184.4m	£266.0m	£164.1m
Benefit payments	£576m	£472m	£195m

Commenting on Rothesay Life's results Addy Loudiadis, Chief Executive Officer of Rothesay Life, said:

"2013 was another successful year for Rothesay Life, with strong new business growth achieved through the completion of five substantial transactions underpinned by our robust capital position. We continue to focus on underwriting discipline, cautious investment and risk management which have allowed us to produce further strong financial results, return capital to shareholders via a significant special dividend and ensure the long-term security of our pension clients.

In December, we welcomed Blackstone, GIC and MassMutual as new shareholders alongside Goldman Sachs. We are proud to have world class sophisticated investors as shareholders and believe their support is a strong endorsement of our unique business model and of the wider de-risking sector.

In February this year we signed an agreement to acquire MetLife's £3bn UK bulk annuity business and following transactions with GKN and Vestey Group in Q1, we are now looking ahead to the rest of 2014 where we expect further strong market demand from pension schemes and remain focused on our strategy of pursuing substantial growth."

Business Highlights

- **Attracted new investors:** In December, Rothesay Life announced that funds managed by Blackstone and GIC, and MassMutual became shareholders in the company. Our new investors support the company's established business model which primarily focuses on risk management, comprehensive hedging and an investment policy targeted towards sourcing secure assets with low outright credit exposure
- **Maintained high quality new business growth:** Rothesay Life has demonstrated strong growth by writing over £1bn of new business in every year since 2009, sourced both directly from pension funds and through consolidation of pension fund business from other insurers. This approach has allowed us to maintain a steady market share of over 20% for the last 4 years¹. Careful business selection and disciplined underwriting has enabled us to focus on delivering premium solutions that fit our clients' needs including five medium-sized transactions (~£100m to ~£500m) executed during 2013. The business continues to demonstrate market-leading execution capabilities and exceptional client service
- **Delivered shareholder returns whilst maintaining capital strength and substantial capacity to generate future growth:** Rothesay Life has returned capital to shareholders whilst still maintaining a significant surplus over the economic capital requirement. This is testament to the strength of the capital position which results from a low risk business model. Substantial excess

capital resources will enable us to continue to take advantage of the anticipated rising market demand

- **Continued to pursue strategic transactions that provide attractive returns:** On 18 February 2014, Rothesay Life announced the acquisition of MetLife Assurance Limited, the UK bulk annuity business of MetLife, Inc., which has £3bn of assets under management and insures more than 20,000 scheme members. The transaction is expected to close during Q2 2014 subject to regulatory approvals and will be another transformative step in our journey, following the successful acquisition of Paternoster in 2011. The company will continue to consider further strategic M&A opportunities

About Rothesay Life

Rothesay Life was established in 2007 and has become one of the leading providers of regulated insurance solutions in the UK market for pensions de-risking, with over £12 billion of insurance contracts (before the addition of Met Life Assurance). In 2013, Rothesay Life wrote around £1.6 billion of new bulk annuity business and has since the start of 2014 written £3.3 billion (including the £3bn that is expected to be completed in Q2 2014 through the acquisition of Met Life Assurance). This strong growth has been achieved through the steady accumulation of pension scheme clients.

Existing Rothesay Life clients include the pension schemes and members associated with such names as RSA, British Airways, Rank, Uniq, General Motors, the MNOF (Merchant Navy Officers Pension Fund), InterContinental Hotels, Philips and GKN.

Rothesay Life is a secure long-term provider of pensions, focused on:

- a flexible and committed approach to execution;
- ongoing risk management to maintain balance sheet strength; and
- robust operational processes.

Rothesay Life is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

www.rothesaylife.co.uk