

Half-Year Trading Update

Rothesay Life's financial position remains robust despite COVID-19

Rothesay Life, the largest specialist annuity provider in the UK, today announces its half year results.

- COVID-19:** The first half of 2020 has seen unprecedented market turmoil caused by the COVID-19 pandemic both in the UK and globally. We invoked our business continuity protocols in early March and continue to monitor developments relating to the pandemic. All areas of our business remain fully functional without any interruptions
- Solvency:** The Group's solvency position remains strong with a Solvency Capital Requirement (SCR) coverage ratio of 189% despite falling interest rates and adverse credit markets.
- Record performance:** The focus of the first half of 2020 has been the investment of the assets received as part of the record £16.3bn of new business underwritten during 2019. We have now invested the majority of the assets received from those transactions in a manner consistent with our original underwriting and long-term investment strategy. This has helped contribute to the Group's first half unaudited pre-tax IFRS profit of £809m on a consolidated basis.
- New business:** In the first half of 2020 we assisted four pension schemes to de-risk their liabilities, resulting in new business premiums of £0.7bn. Since 30 June 2020, we have completed a further £1.6bn of business and the new business pipeline remains strong.
- Market consistent embedded value:** New business has helped increase the market consistent embedded value (MCEV) of the Group to £6.6bn.
- Assets under management:** As at 30 June 2020, the Group's assets under management were £55.9bn, with an average asset portfolio rating of 'AA'. During the first half of 2020, we have had only one asset that was downgraded to sub-investment grade with immaterial impact on our solvency position.
- Credit Ratings:** 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.

Addy Loudiadis, Chief Executive Officer of Rothesay Life, said: "I am really proud of the way in which Rothesay has dealt with the unprecedented circumstances arising from the COVID-19 pandemic thanks to the determined efforts of our people. We have navigated challenging markets well while also maintaining excellent levels of customer service and all areas of the business are functioning effectively. The extraordinary market disruption we saw highlights the value of having market leading risk management systems that provide real-time detailed balance sheet and risk information.

I am pleased to see the bulk annuity market remaining buoyant with 2020 still expected to be a very strong year for the market despite the backdrop. This highlights the underlying structural imperative which continues to drive our growth opportunity."

The Group's solvency metrics are summarised in the table below:

	Group	Rothesay Life Plc
Own Funds available to meet SCR	£6,915m	£6,908m
SCR	£3,654m	£3,654m
Surplus above SCR	£3,261m	£3,254m
SCR coverage (%)	189%	189%

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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 £55bn 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 Plc is 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.rothesaylife.com.

The Group refers to Rothesay Holdco UK Limited and its subsidiaries, the main one of which is Rothesay Life Plc.