



PENSION INSURANCE  
CORPORATION

## PENSION INSURANCE CORPORATION GROUP HALF YEAR 2018 RESULTS AND NOTICE OF INTENTION TO ISSUE FURTHER TIER 2 CAPITAL

London, 10 September 2018 – Pension Insurance Corporation Group Limited<sup>1</sup> (“PICG”), ultimate parent company of Pension Insurance Corporation (“PIC”), the specialist insurer of defined benefit pension funds, today announces its unaudited results for the six months to 30 June 2018.

PIC is also pleased to announce that it has mandated Lloyds Bank Corporate Markets (as Sole Structuring Advisor and Joint Lead Manager), HSBC and J.P. Morgan Cazenove (each as Joint Lead Manager) to arrange a series of fixed income investor meetings in the UK, commencing Tuesday, 11 September 2018. A Sterling denominated Tier 2 transaction will follow, subject to market conditions. The capital raised through this issuance will support the growth of the business in light of the increased level of demand from pension scheme trustees for buyouts and buy-ins.

PICG financial highlights:

- New pension insurance business of £3.3 billion of premiums, a record first half. PIC has since completed transactions totalling £1.2 billion, with a further £1.6 billion in exclusivity
- £27.9 billion in financial investments (*YE2017: £25.7 billion*)
- Market Consistent Embedded Value of £3,402 million (*YE2017: £2,932 million*)
- IFRS profit before tax of £123 million (*HY2017: £140 million*)
- £4.8 billion of assets held in excess of Best Estimate Liabilities and available to meet solvency and capital requirements (*YE2017: £4.3 billion*)

- Solvency capital ratio of 175% (*YE2017: 160%*)
- £1.1 billion of longevity liability reinsured to 30 June 2018, with 67% of total longevity exposure reinsured (*YE2017: 73%*). PIC has subsequently reinsured a further £1.3 billion of its longevity exposure
- 162,800 pension fund members insured in total (*YE2017: 151,600*)
- £545 million of policyholder claims paid (*HY2017: £469 million*)

**Business highlights:**

- Agreement reached by the Abu Dhabi Investment Authority (“ADIA”) with J.C. Flowers to acquire shares in PICG from funds advised by J.C. Flowers & Co, subject to regulatory approval and following pre-emption rights.<sup>2</sup>
- Total debt private placements, including in social housing and renewable energy, were £3.8 billion at 30 June 2018. PIC had invested £219 million in Equity Release Mortgages (ERM) in total at that date.

Tracy Blackwell, Chief Executive Officer of PIC, said: “We are really delighted to present these results, covering a period in which the business had its best ever first half, insuring £3.3 billion of pension scheme liabilities. It looks set to be a record year for the market and the pipeline for 2019 is already very promising. We are consistently being selected as the preferred insurance partner by trustees based on our flexibility, innovation and customer care and we are also seeing a greater number of repeat transactions as trustees progressively insure their schemes.

“We look forward to formally welcoming ADIA as a major shareholder, joining a small group of committed shareholders with financial services expertise and long-term investment horizons. As a specialist business, our focus remains entirely, with the total support of our shareholders, on investment in the areas that are key to our success, including policyholder care, the ability to invest in the right assets and reinsure longevity risk, as well as attract and retain the very best people. It is our belief that this focus will bring us further success over the long-term.”

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**Notes to Editors:**

1. The Pension Insurance Corporation Group includes Pension Insurance Corporation Group Limited, the group holding company; Pension Insurance Corporation plc, the Group's regulated insurer; and Pension Services Corporation Ltd, the group's service company.
2. It is expected that ADIA will hold 17.1% of the shares in PICG following the exercise by existing shareholders of their rights of pre-emption.

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### **About Pension Insurance Corporation**

The purpose of Pension Insurance Corporation plc ("PIC") is to pay the pensions of its policyholders. PIC provides secure and stable retirement incomes through leading customer service, comprehensive risk management and excellence in asset and liability management. At half-year 2018, PIC had insured 162,800 pension scheme members and had £27.9 billion in financial investments, accumulated through the provision of tailored pension insurance buyouts and buy-ins to the trustees and sponsors of U.K. defined benefit pension schemes. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). For further information please visit [www.pensioncorporation.com](http://www.pensioncorporation.com)

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