



PENSION INSURANCE
CORPORATION

PENSION INSURANCE CORPORATION GROUP 2019 RESULTS

London, 9 March 2020 – Pension Insurance Corporation Group Limited¹ (“PICG” or the “Company”), ultimate parent company of Pension Insurance Corporation plc (“PIC”), the specialist insurer of defined benefit pension schemes, today announces its final results for the 12 months to 31 December 2019, following the release of its preliminary results on 27 January 2020. In addition, on 13 February 2020, PICG announced that existing shareholders are investing £750 million of new capital to support the continued development and growth of PIC in the pension risk transfer market.

A presentation for bondholders and other stakeholders on the 2019 final results will be available from 10am GMT, on 9 March 2020, at the following link:

<https://webcasts.eqs.com/picg20200226/en>

PICG 2019 financial highlights:

- 15 new business transactions with total premiums of £7.2 billion (*2018: £7.1 billion*), a record, for clients including British American Tobacco, Marks & Spencer and Somerfield. Since the start of 2020, PIC has signed new business transactions totalling £2.6 billion with schemes including Co-op and MNOFF
- £40.9 billion in financial investments (*FY2018: £31.4 billion*)
- Market Consistent Embedded Value (MCEV) of £3,874 million (*FY2018: £3,638 million*)
- Adjusted Equity Own Funds² of £4,504 million (*FY2018: £4,174 million*)
- IFRS Net Asset Value of £3,215 million (*FY2018: £2,457 million*)
- Solvency Capital Ratio of 164% (*FY2018: 167%*)

- 81% of longevity exposure reinsured
- 225,100 pension fund members insured in total (2018: 192,100)
- In February 2019, PIC was affirmed an Insurer Financial Strength credit rating of A+ by Fitch

Business highlights:

- £1.9 billion invested in areas such as social housing, renewable energy and the UK's universities (2018: £2.5 billion)
- 99.1% of policyholders surveyed have indicated that they are satisfied or better with our customer service; 84.2% gave us maximum score
- PIC attained "Investor in People" status; won the "UK Customer Commitment" award from the Institute of Customer Service; was named "Insurer of the Year" at the Risk Awards; and won the "Risk Management Firm of the Year" award at the European Pensions Awards

Tracy Blackwell, Chief Executive Officer of PIC, said: "2019 was another excellent year for PIC, in which we continued to meet the substantial and growing demand for pension risk transfer by focussing clearly on our purpose, as well as delivering excellent customer service, and maintaining a financially robust balance sheet. I want to thank our employees for the significant contribution they have made and I look forward to PIC's continued success."

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Notes to Editors:

- 1) The Pension Insurance Corporation Group (the "Group") includes PICG, the group holding company; PIC, the group regulated insurer; and Pension Services Corporation Ltd, the group service company.
- 2) Adjusted Equity Own Funds is calculated as Solvency II own funds deducting hybrid debt (including Restricted Tier 1 debt) and removing the gross impact of the Risk Margin and the Transitional Measures on Technical Provisions (TMTP's), disregarding any tax impact.
- 3) The offered shares were issued on a partly paid basis, with 60 per cent. paid initially in February 2020 and the remaining 40 per cent. to be paid at the request of PICG, with the current intention being to call the unpaid amounts by the 26 January 2021 as needed to meet market demand for pension risk transfer.

- 4) The group issued £450m of Restricted Tier 1 debt in 2019 which is accounted for under IFRS as equity and therefore increases IFRS net assets by a similar amount.
- 5) Summary of Key Financial Metrics for 2019 (£ million where relevant):

PICG (unless indicated otherwise):	FY2019	FY2018
Embedded value (MCEV)	3,874	3,638
Own funds*	4,844	3,917
Adjusted Equity Own Funds*	4,504	4,174
Solvency capital requirement*	2,954	2,343
Solvency ratio*	164%	167%
New business premium	7,186	7,150
Financial investments	40,886	31,371
IFRS net asset value	3,215	2,457

*Refers to PIC plc

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About PIC

The purpose of PIC is to pay the pensions of its current and future policyholders. PIC provides secure and stable retirement incomes through leading customer service, comprehensive risk management and excellence in asset and liability management. At 31 December 2019, PIC had insured 225,100 pension scheme members and had £40.9 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

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