



For the future.

Pension Insurance Corporation Group Limited
Full Year 2024 Results Presentation

18 March 2025



In this presentation.

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Highlights.

Tracy Blackwell, Chief Executive Officer

About PIC

- Clear purpose - to pay the pensions of our current and future policyholders.
- Market-leader in the very significant UK pension risk transfer market.
- Long-term business model, underpinned by robust balance sheet and prudent assumptions.
- Policyholder pensions backed with a purposeful investment strategy, creating significant social value.
- Customer service excellence fundamental to our approach.
- Shareholder base fully supportive of PIC's long-term growth prospects.

£51bn

Low risk portfolio covering insurance liabilities of £44bn

298

Total transactions with the trustees of defined benefit pension schemes

£16bn

Total pension payments

397,100

People we pay the pensions to

£30bn

Investments in the UK at year end

c.£14bn

invested in housing, infrastructure and other assets

Recent awards and affiliations



Our clients include



Fitch Insurer Financial Strength rating

A+



To continue building a secure and sustainable business

Performance in 2024

- Year end solvency ratio well above long-term average
- High-quality investment portfolio with zero defaults
- 82% of longevity risk reinsured

Key performance indicators

237%
Solvency II ratio

A+
Fitch IFSR¹



To carry on leading as a responsible corporate citizen

Performance in 2024

- Focused on **customer service**
- Founding signatories to the **A4S Sustainability Principles Charter** for bulk purchase annuity market
- **Focused on the social value created** by our infrastructure and housing investments

Key performance indicators

99.3%
Policyholder satisfaction

(8)%
Carbon intensity reduction²



To keep on driving long-term value growth

Performance in 2024

- **Partnership approach to new business**, maintaining pricing discipline.
- **£2.0 billion of privately sourced debt** investments during the year, of which **46% was with existing counterparties**

Key performance indicators

£5.8bn
Equity own funds

£746m
AOPBT³

At the heart of a dynamically evolving market.

1. Insurer Financial Strength rating
2. tCO₂e/\$m revenue. Compared to 2023
3. Adjusted operating profit before tax

Focusing on our policyholders...

Our policyholders and service levels

Our policyholders

397,100

Number of policyholders

£2.2bn

Pensions paid during the year

Performance in 2024

99.3%

Policyholder satisfaction levels

55%

Net promoter score

8 secs

Average speed of calls answered

Customer focused awards and accreditations



to enhance our service and their journey.

Launched PIC on demand; an online video service for policyholders

More than
12,000
views to date



PIC is a company that knows its job and cares about its policyholders, past, present and future.

Christine Summers
Proud PIC policyholder



Unique policyholder engagement approach

Performance in 2024

- Full programme of in-person and online policyholder events; two new locations added in 2024
- Welcomed over 30,000 people since 2011



Our investments



Habiko

In November, we formed a £54 million joint venture with developers, Muse, and Homes England, the Government's housing and regeneration agency, to create social value well into the future. It will bring forward 3,000 low carbon, low-energy affordable homes for the rental market.



Peel ports

£50 million investment in Peel Ports, our second transaction with the issuer, following our initial £33 million debt investment during 2023.



New Vic (Manchester) and Arbour (Milton Keynes)

They scored 91% and 90% respectively for customer service in the December mystery shop, against an industry benchmark of 72%. They rank at the very top of the national mystery shopping league table, which consists of 40 other operators with more than 110 developments.



£13.8bn¹
Total UK direct investments

46%
of our privately sourced
debt investments were with
our existing partners

1. Amount invested to date is estimated based on available historical data.

25

transactions in 2024 across the whole market

£20m

buy-in



£1.3bn

buy-in



Mosaic streamlined solution

for trustees of schemes with less than £100 million in assets



100%

of new business full scheme buy-ins or buyouts

13,500

members covered by our pensions repeat transactions during 2024

£1.2bn

buy-in following an initial transaction in 2014



£540m

buy-in following an initial transaction in 2022



TotalEnergies and Clarks trustees had

exceptional customer service over several years

85

repeat transactions, covering £20bn of liabilities and the pensions of 115,000 people

£5.7bn

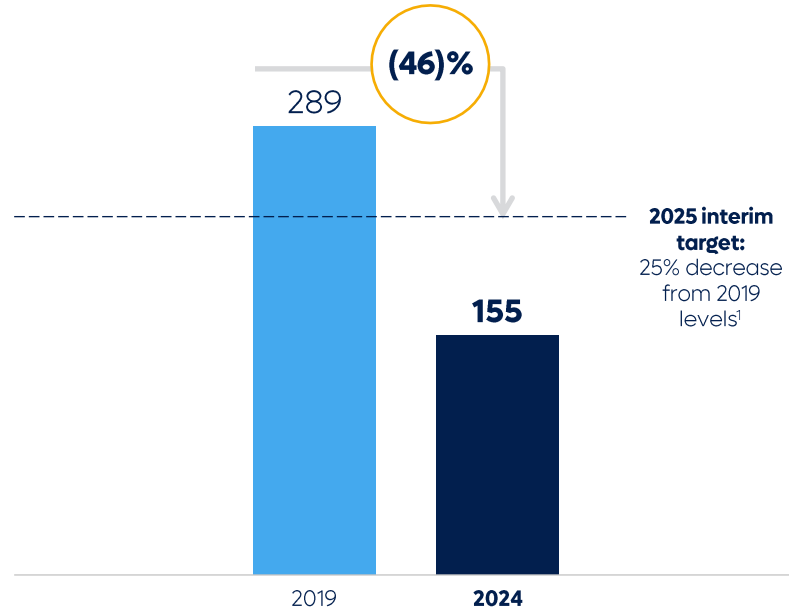
of our longevity risk reinsured with five counterparties

82%

of total longevity risk reinsured with 14 highly rated global counterparties

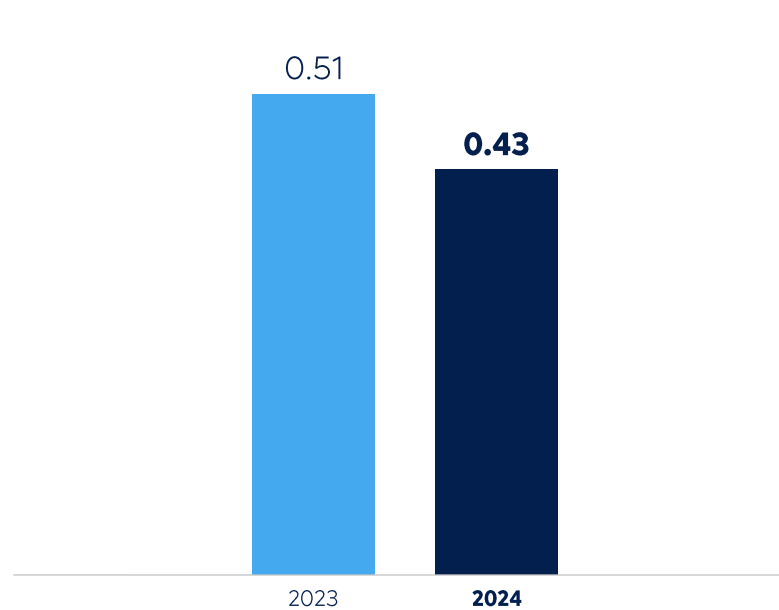
Sustainability journey.

Weighted Average Carbon Intensity ("WACI") of investment portfolio tCO₂e/£ revenue



- Based on portfolio data coverage of 77%
- Reduced emissions by 46% from our 2019 baseline level
- Surpassed our 2025 corporate credit decarbonisation target

Reduction in Scope 1 and 2 emissions during the year tCO₂e per Full-Time Employee ("FTE")



- Reduced Scope 1 and 2 carbon emissions per Full-Time Employee FTE by 16% in 2024.

+ Further information can be found in our **2024 TCFD Report**

Reduced Scope 1 and 2 carbon emissions by

16%

Per Full-Time Employee

WACI of Public Corporate Credit portfolio

185

Tons CO₂e/£ revenue

Sustainability awards and affiliations



THE INVESTOR FORUM

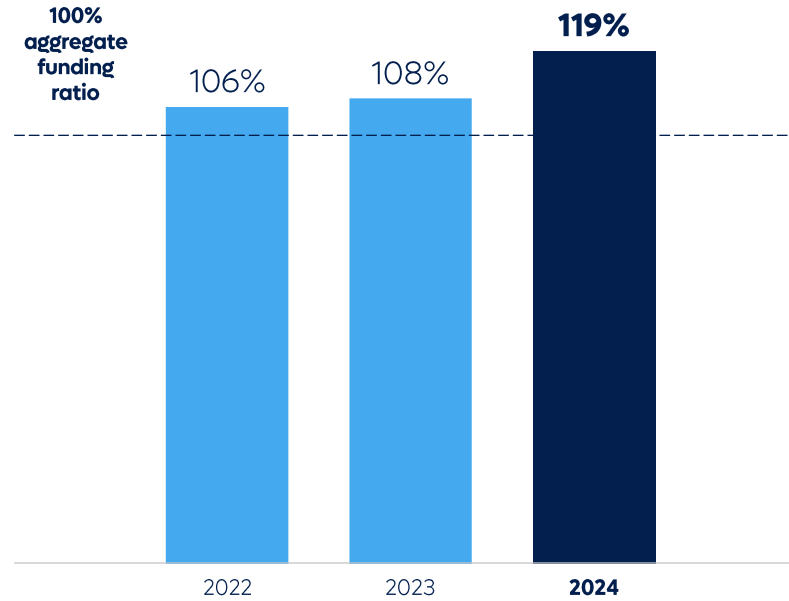


1. PIC set an interim target of decreasing the average carbon intensity of investments in publicly listed corporate credit by 25% from 2019 levels by 2025.

The future of the market.

DB funding levels continue to improve

Aggregate funding ratio³



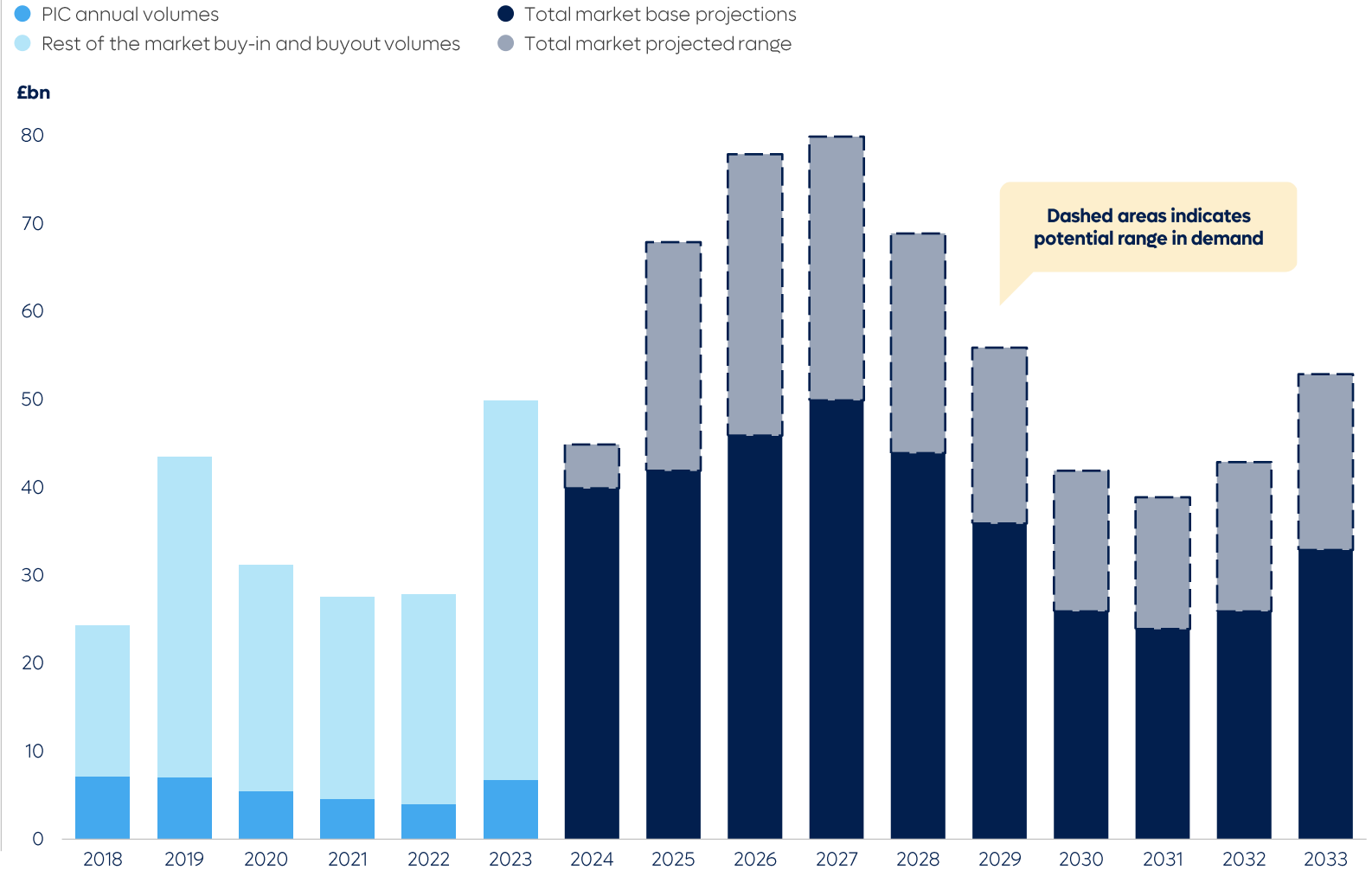
2024 estimated total forecast PRT market volumes £45-50bn

220 Schemes
with over £1bn in assets

1. Estimated buyout basis, PPF Purple Book 2024.
2. LCP's predictions for the pension risk transfer market in 2025, January 2025
3. XPS Pensions Group. XPS DB:UK Tracker | XPS Pensions Group (xpsgroup.com).

£500-600 billion forecast over the next decade to move into the insurance sector

UK PRT market projections²



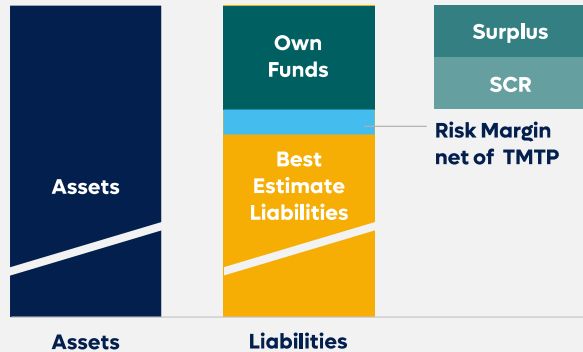
Financial performance.

Dom Veney, Chief Financial Officer

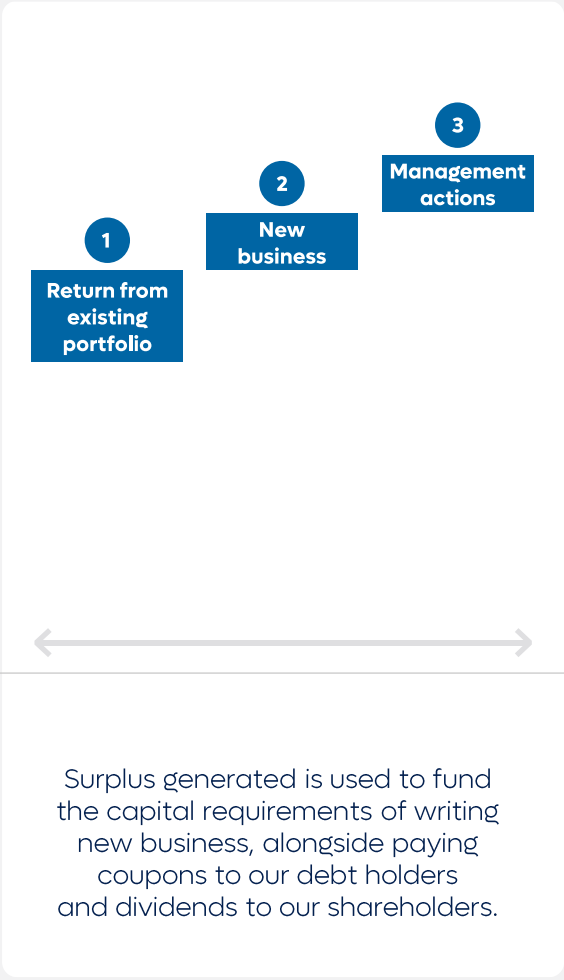
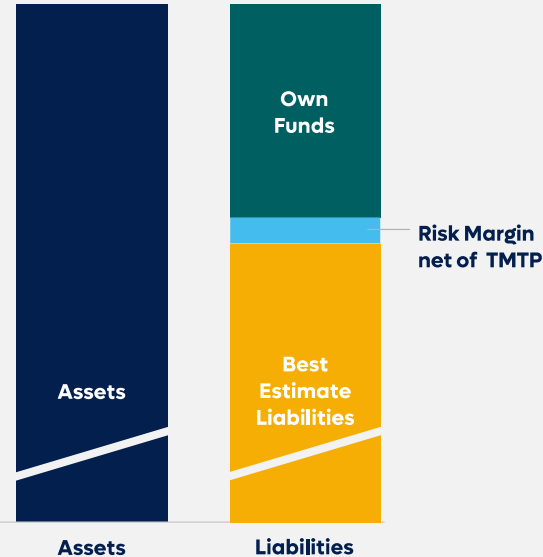
How we generate shareholder value.

Illustrative solvency balance sheet

Opening balance sheet



Closing balance sheet

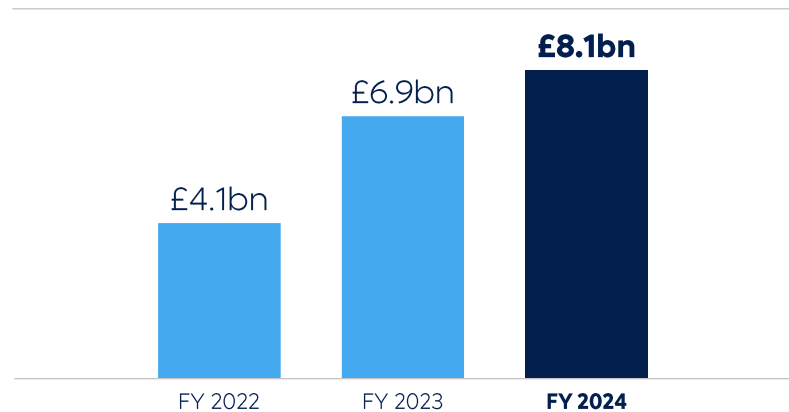


- 1 Returns from existing portfolio**
 PIC earns a margin on its shareholder assets. Prudence within the reserves that match the projected pension payments, as well as the corresponding capital, are released over time.
- 2 Taking on new business (either a pension insurance buy-in or buyout)**
 PIC charges a premium which includes the cost of its regulatory capital, profit margin and the projected expenses and claims arising from the liabilities it is taking on.
- 3 Management actions to optimise the balance sheet**
 Subject to maintaining policyholder security, PIC undertakes various management actions, including the optimisation of its investment, liquidity and capital positions within the in-force portfolio.

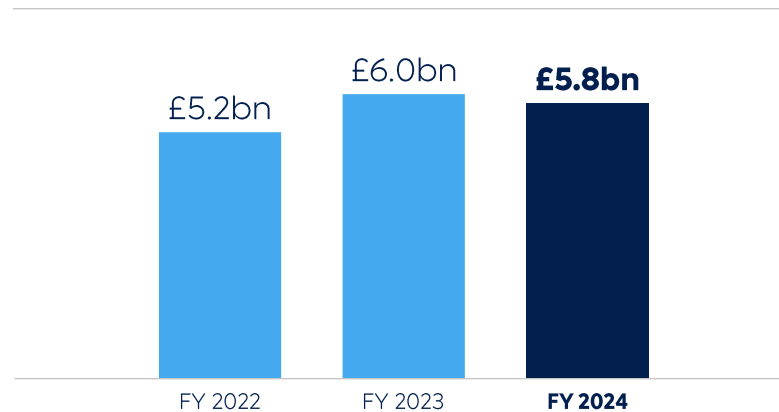
A strong financial performance.



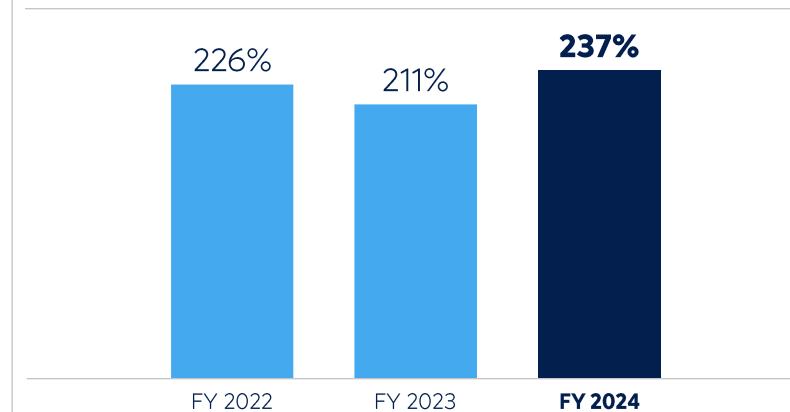
New business premiums



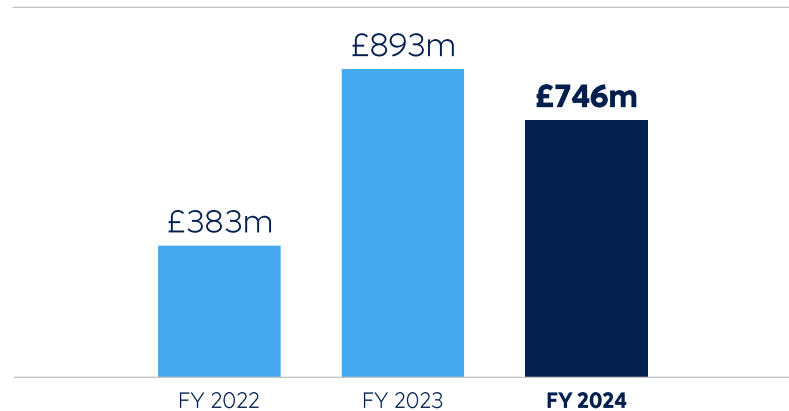
Equity own funds¹



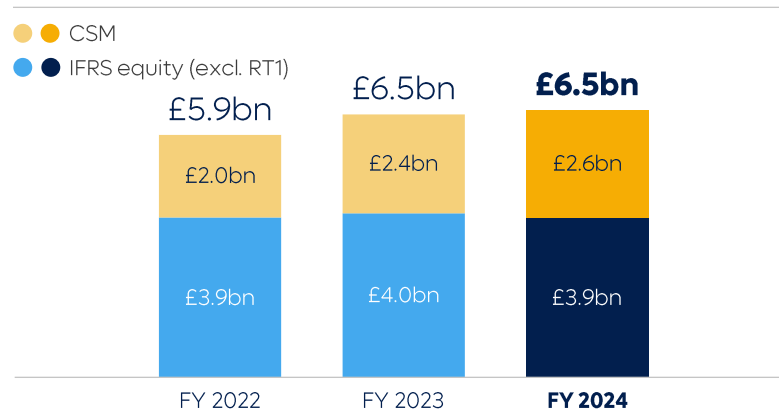
Solvency II ratio



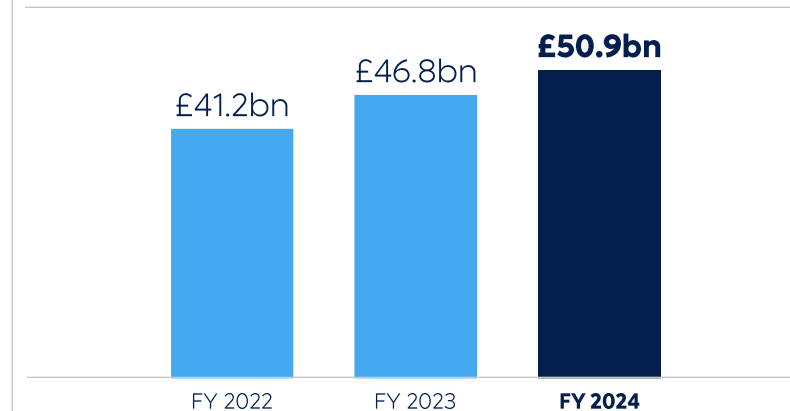
Adjusted operating profit before tax



IFRS adjusted equity^{2,3}



Financial investments

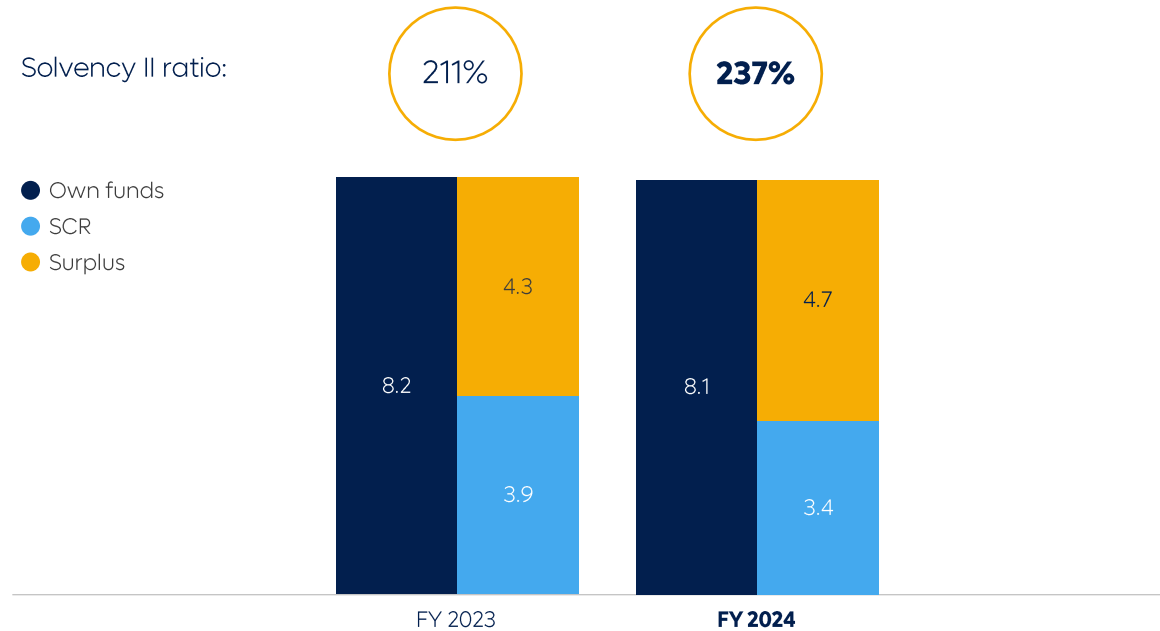


1. Equity own funds is a shareholder view of the Group's Solvency II own funds after deducting hybrid debt.
 2. IFRS equity excluding Restricted Tier 1 ("RT1") debt plus the contractual service margin ("CSM"). CSM is quoted net of reinsurance and tax.
 3. Numbers do not sum due to rounding.

We have strengthened our capital position and generated further value.

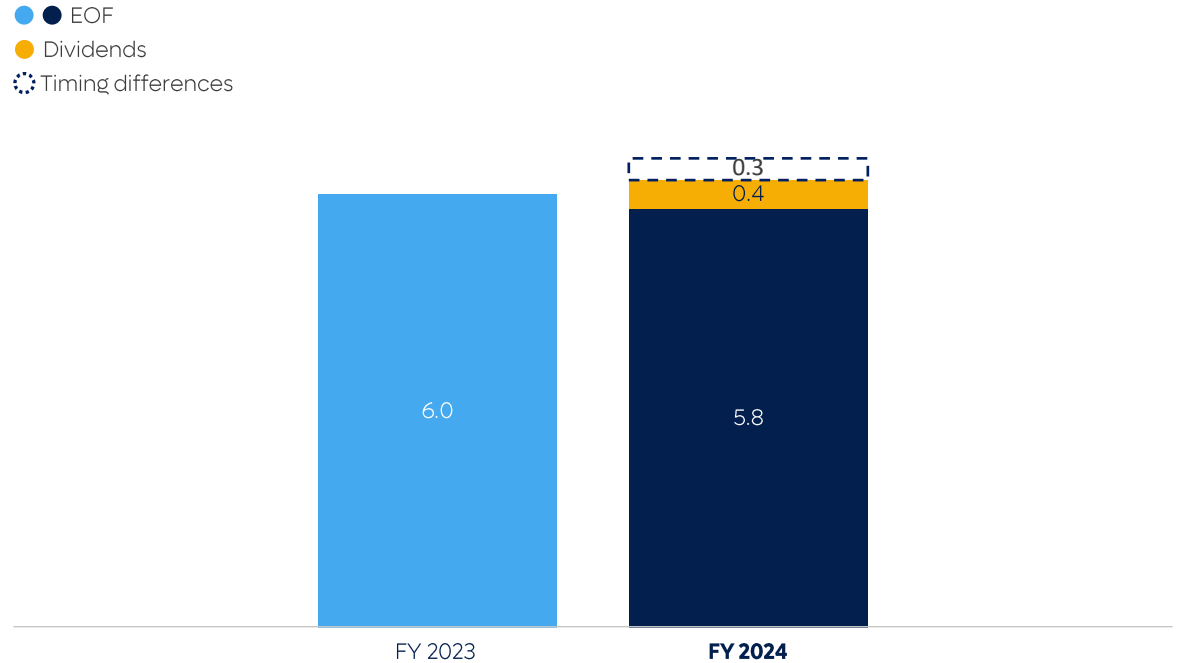


Solvency II Balance Sheet £bn



- Our Solvency ratio has significantly increased and is well above our long-term average, with eligible surplus funds of £4.7bn.
- The increase was primarily due to the expected return from the in-force book, management actions to optimise our in-force asset portfolio and capital position and higher interest rates.
- This is partly offset by the efficient deployment of capital to write £8.1 billion of new business in the year and the payment of dividends.

Equity Own Funds £bn



- EOF increased by £0.2bn before the payment of the 2023 final dividend of £0.1bn and the 2024 interim and special dividends of £0.3bn.
- The increase arose from profits emerging from the in-force book and new business, management actions to optimise the in-force asset portfolio and changes to assumptions.
- We anticipate a further £0.3bn of EOF as we complete the implementation of deals written to date.

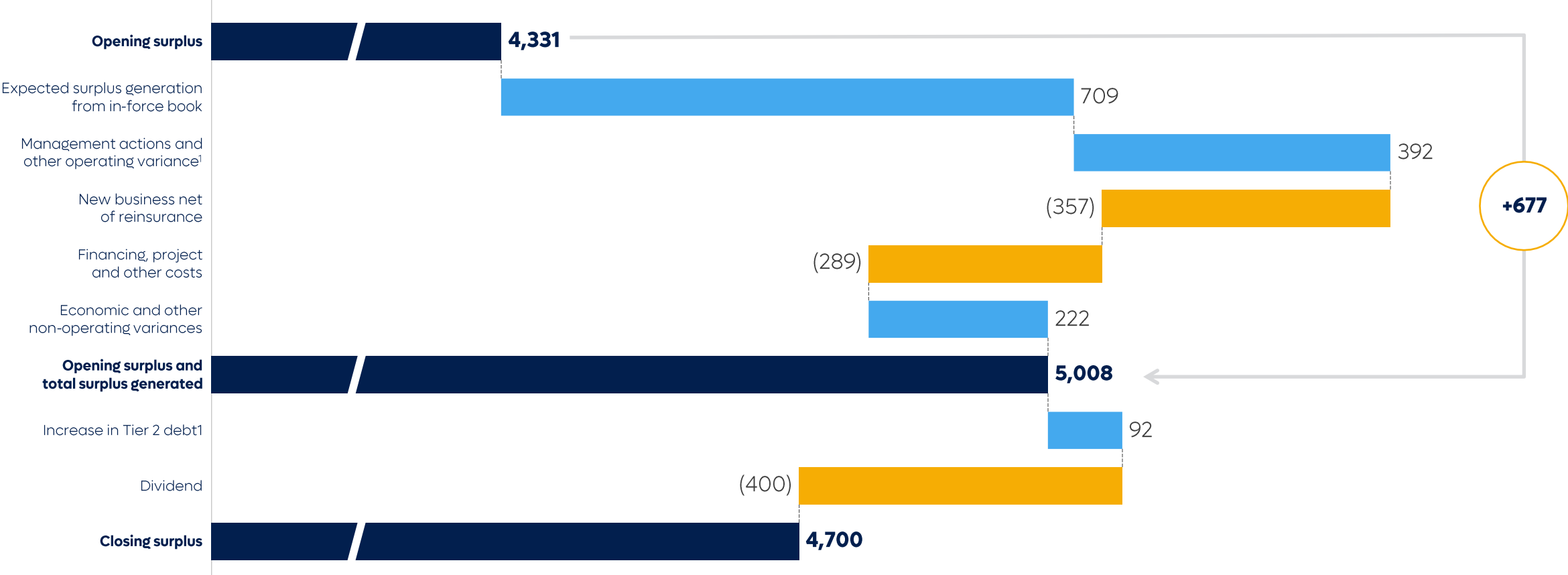
Increase in solvency surplus strengthens our dividend capacity.



Movement in solvency surplus £m

For the period 1 January 2024 to 31 December 2024

Surplus has increased substantially, allowing for the payment of the final dividend declared for the year ended 31 December 2023 (£147m) and the interim and special dividends declared at half year 2024 (£253m).



1. Includes £156 million of investment related management actions presented in Economic and Other Non-Operating Variances in the CFO Review in the 2024 Annual Report and Accounts.

Resilient AOPBT despite market conditions.

Adjusted operating profit before tax ("AOPBT") £m

	2024	2023
Expected return from operations	574	495
New business and reinsurance profit	313	444
Underlying profit	887	939
Changes in valuation assumptions	230	194
Experience and other variances	(107)	(18)
Finance costs	(156)	(124)
Project and other costs	(108)	(98)
Adjusted operating profit before tax	746	893
Movement in CSM ¹	(274)	(585)
Investment related variances	(134)	(38)
Add back: RT1 coupon	33	33
Profit before tax	371	303

- £746m IFRS AOPBT for the year, underpinned by an increased expected return from operations reflecting the growth of the business.
- Lower new business and new reinsurance profits reflecting prevailing market conditions.
- Experience and other variances primarily relate to temporary timing impact of not yet implementing reinsurance arrangements on new business written late in the year.

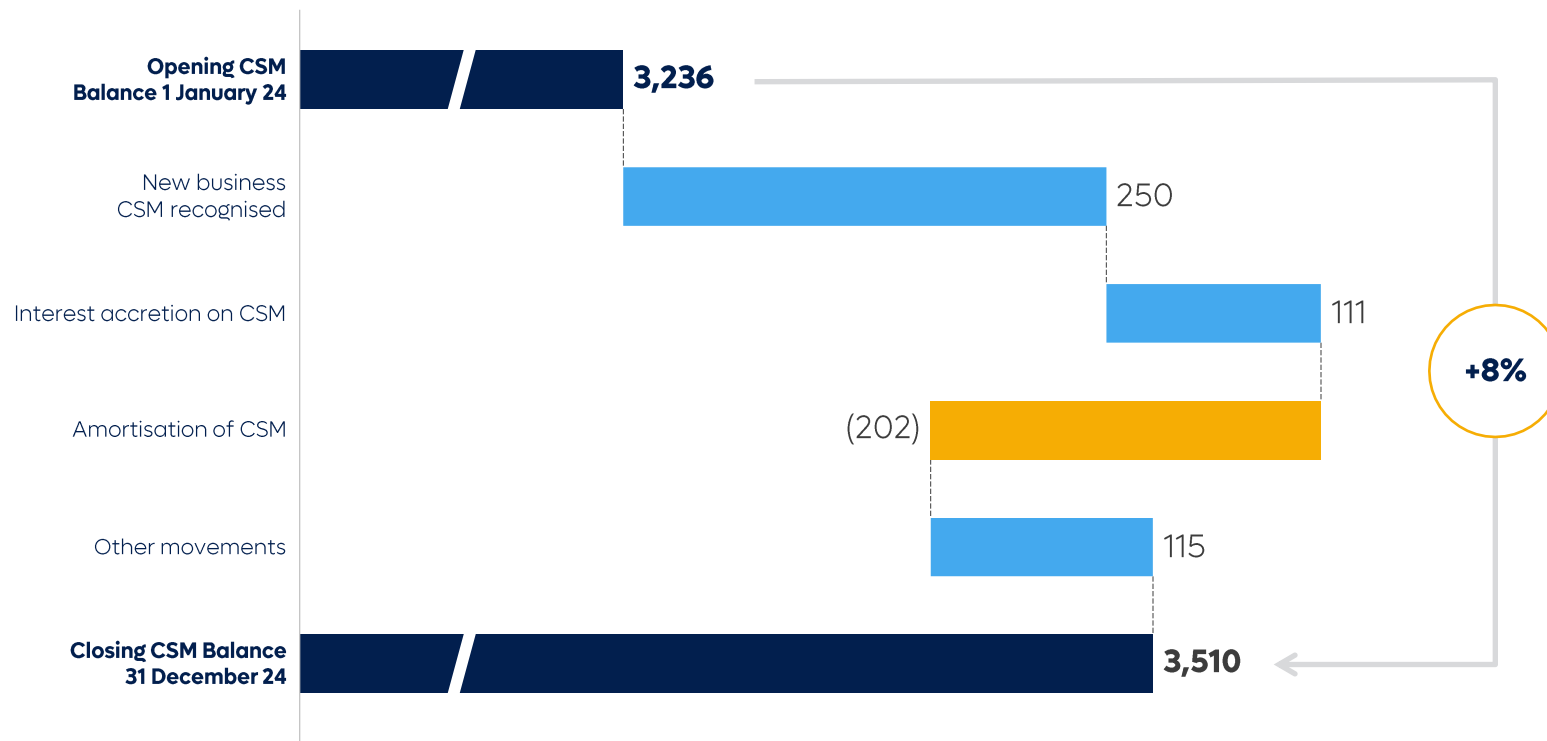
1. CSM is quoted net of reinsurance.

Strong growth in the CSM for future profits.



Movement in CSM (net of reinsurance) £m

The CSM represents a store of future profits which will be released to the income statement over the life of the contracts.

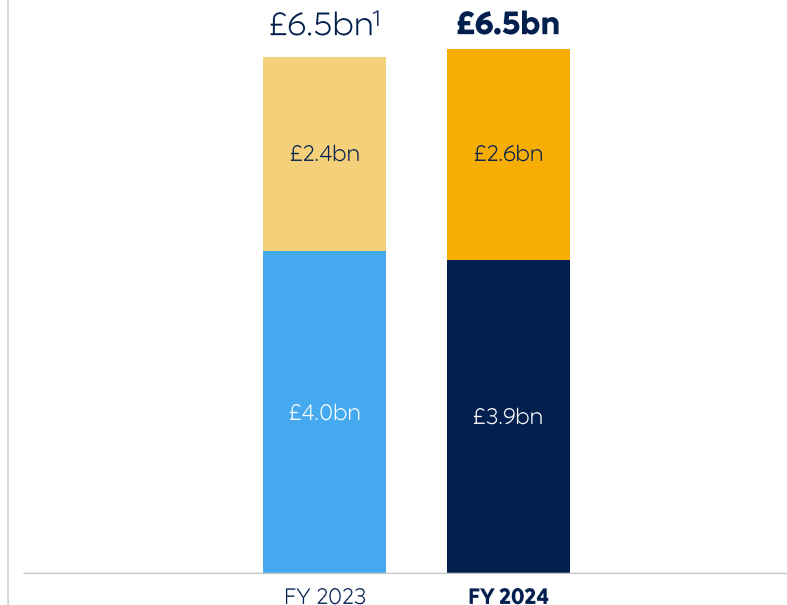


- £274m (+8%) of total CSM increase over the period.
- £250m of new business CSM which represents an increase in the store of future value and the growth of the business.
- £115m of other movements is driven by non-financial assumption changes.

1. Numbers do not sum due to rounding.

IFRS adjusted equity

- CSM (net of reinsurance and tax)
- IFRS equity (excl. RT1)



- IFRS adjusted equity is a measure of overall shareholder value and is the sum of IFRS equity (excluding the RT1 debt) plus CSM (net of reinsurance and tax).
- Remains strong at £6.5bn after dividends paid of £400m (FY 2023 dividend: £100m).

High-quality, diversified asset portfolio.

Financial investments



Debt securities – Gilts and Governments Bonds	39.0%
Debt securities – Corporate	30.2%
Debt securities – Private investments	18.4%
Equity release mortgages	2.0%
Mortgage backed and other asset backed securities	0.5%
Participation in investment schemes	6.0%
Participation in liquidity funds	3.9%
Deposits with credit institutions	0.0%

Corporate securities and private investments by industry sector



Utilities	22.3%
Financials	17.0%
Housing associations	10.4%
Infrastructure	8.3%
Consumer, non-cyclical	6.8%
Education (incl. universities/student accommodation)	6.4%
Telecoms, media and technology	6.1%
Consumer, cyclical	5.2%
Sovereigns, sub-sovereigns and municipals	4.6%
Renewable energy	4.2%
Real estate	3.1%
Commodities	2.2%
Not for profits	2.1%
Structured and other finance	1.3%

1. Debt securities – corporate and private investments.

- **Prudent investment strategy** that prioritises long-term security
- **High-quality corporate and private debt securities** (4% AAA, 16% AA, 42% A, 37% BBB and 1% BB or below)
- **Geographically diverse portfolio¹** (49% UK, 24% US, 20% Europe (ex.UK) and 6% RoW)
- **No exposure to residential ground rents**
- **Originated around £2bn of high-quality privately sourced investments** during the year

Summary.

Tracy Blackwell, Chief Executive Officer



To continue building a secure and sustainable business

Performance in 2024

- Year end solvency ratio well above long-term average
- High-quality investment portfolio with zero defaults
- 82% of longevity risk reinsured

Key performance indicators

237%
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A+
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To carry on leading as a responsible corporate citizen

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Equity own funds

£746m
AOPBT³

At the heart of a dynamically evolving market.

1. Insurer Financial Strength rating
2. tCO₂e/\$m revenue. Compared to 2023
3. Adjusted operating profit before tax

Appendix.

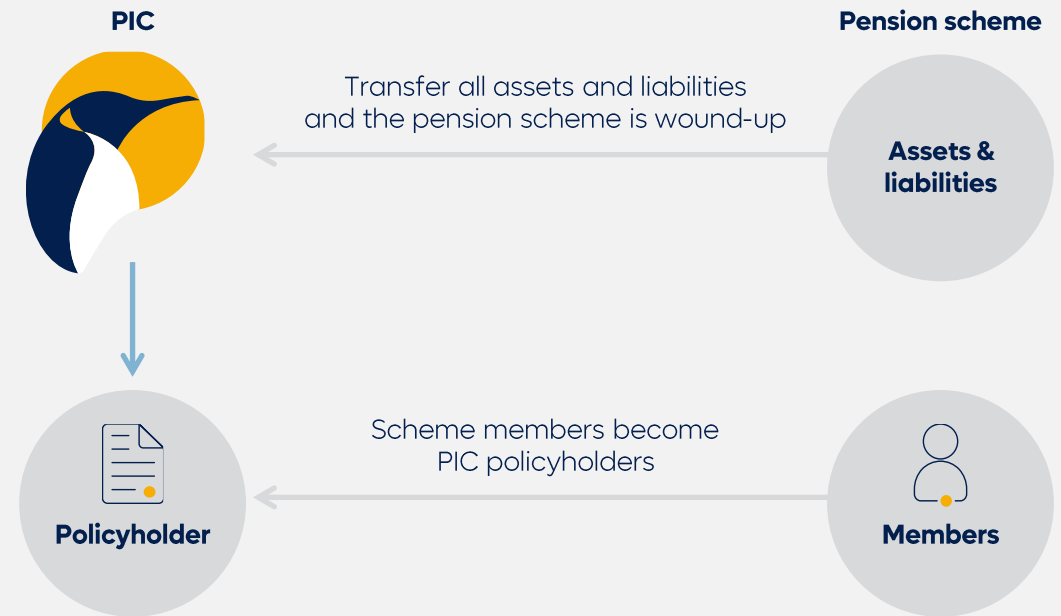
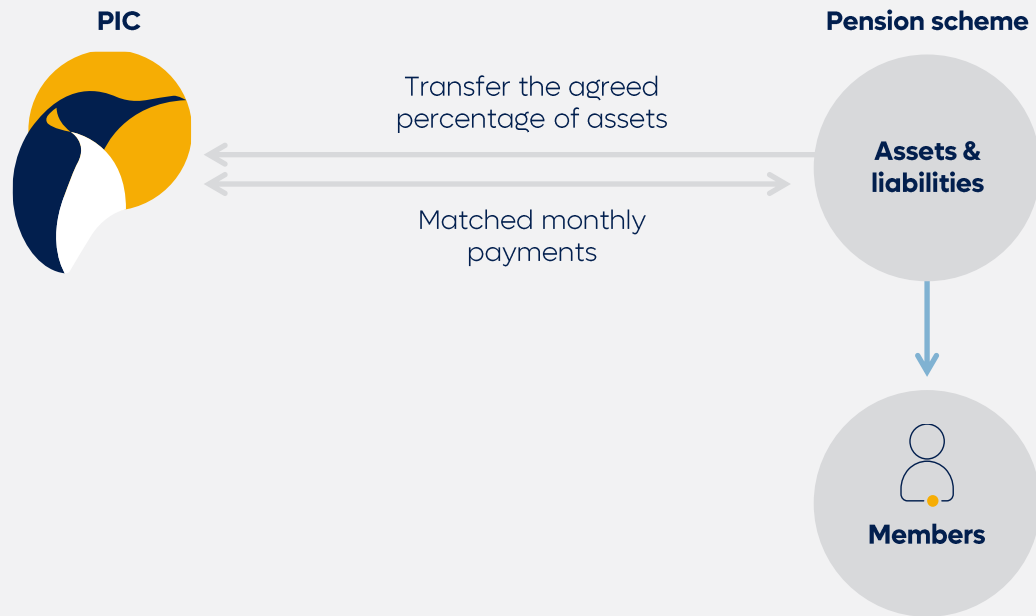
Description of a pension risk transfer buy-in and buyout.

What is a pension insurance buy-in?

- The pension scheme purchases a bulk annuity insurance policy to cover its obligations to a subset of the scheme members. The insurance policy is held as an asset of the pension scheme
- A buy-in is a perfectly matching investment for the insured liabilities
- A buy-in removes the pension scheme's longevity, interest rate, inflation and other risks, as these are transferred to PIC
- PIC has no direct relationship with pension scheme members, whose benefits continue to be managed by the trustees

What is a pension insurance buyout?

- A buyout removes pension assets and liabilities from a pension scheme and employer's balance sheet. It is a full settlement of the scheme and employer's obligations to the scheme members
- PIC issues individual annuity insurance policies to the members of the pension scheme as a direct replacement for their claim on the pension scheme
- Typically, the pension scheme is wound up and assets pass across to PIC
- The scheme members become policyholders of PIC



Evolution of PIC's sustainability journey.



- Industry initiatives
- Investment portfolio
- Reporting and impact
- Sustainability governance and policies



+ Further information can be found in our **2024 Sustainability Report**

1. To offset 2022 and 2023 Air Travel emissions through a diversified portfolio of carbon removal projects.
 2. Bulk Purchase Annuity ("BPA").

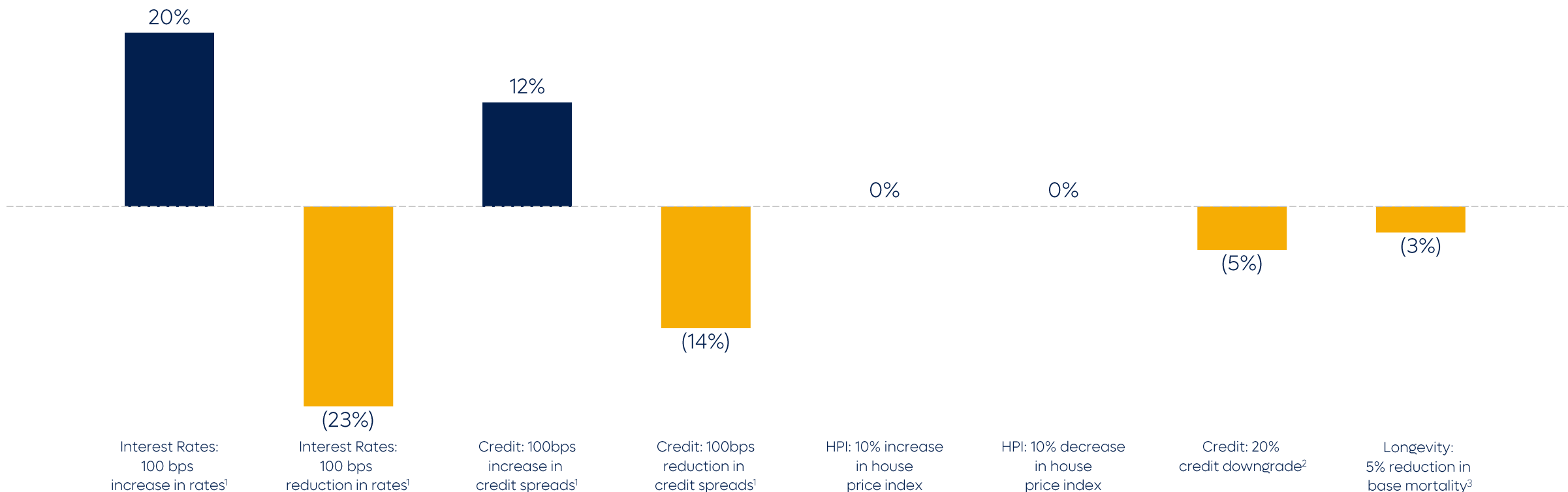
Solvency II sensitivities.



The key sensitivities to which the Group’s regulatory solvency balance sheet is exposed and their impact on the solvency ratio are shown below:

Solvency II ratio sensitivities at 31 December 2024

Solvency II ratio at 31 December 2024: 237%



1. For the interest rate and credit spread sensitivities, the current strong solvency position increases the impact of the sensitivity in ratio terms. The impact of the notional recalculation of the TMTP contributed to the asymmetry of the sensitivities in 2023.

2. Shows an immediate full letter downgrade on 20% of all assets where the capital treatment depends on a credit rating. Downgraded assets are assumed to be immediately traded back to the original credit rating, so the impact is primarily a reduction in own funds from the loss of value on downgrade. The impact of the sensitivity depends on the market levels of spreads at the balance sheet date; the difference between spreads by letter has narrowed over the year, reducing the sensitivity.

3. Equivalent to a 0.4 year increase in life expectancy from 22.6 years to 23.0 years for a typical male aged 65.

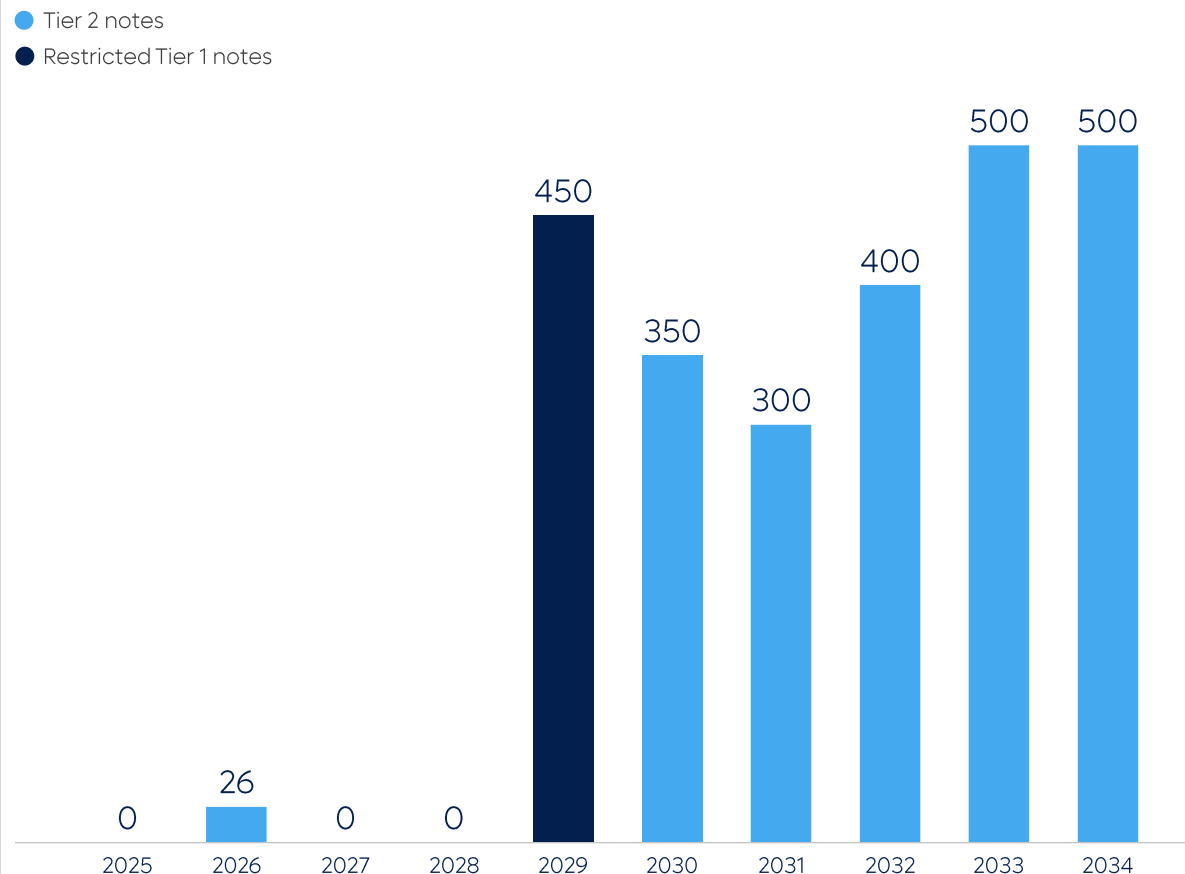
Debt maturity profile.



PIC plc's outstanding bonds

Instrument	Key terms
£26m Tier 2 Note	<ul style="list-style-type: none"> • Issued in November 2016 • 10 year bullet • 8.000% fixed coupon
£350m Tier 2 Note	<ul style="list-style-type: none"> • Issued in September 2018 • 12 year bullet • 5.625% fixed coupon
£450m Restricted Tier 1 Note	<ul style="list-style-type: none"> • Issued in July 2019 • Perpetual • 7.375% fixed coupon
£300m Tier 2 Note	<ul style="list-style-type: none"> • Issued in May 2020 • 11 year bullet • 4.625% fixed coupon
£400m Tier 2 Note	<ul style="list-style-type: none"> • Issued in October 2020 • 12 year bullet • 3.625% fixed coupon
£500m Tier 2 Note	<ul style="list-style-type: none"> • Issued in November 2023 • 10 year bullet • 8.000% fixed coupon
£500m Tier 2 Note	<ul style="list-style-type: none"> • Issued in May 2024 • 10.5 year bullet • 6.875% fixed coupon

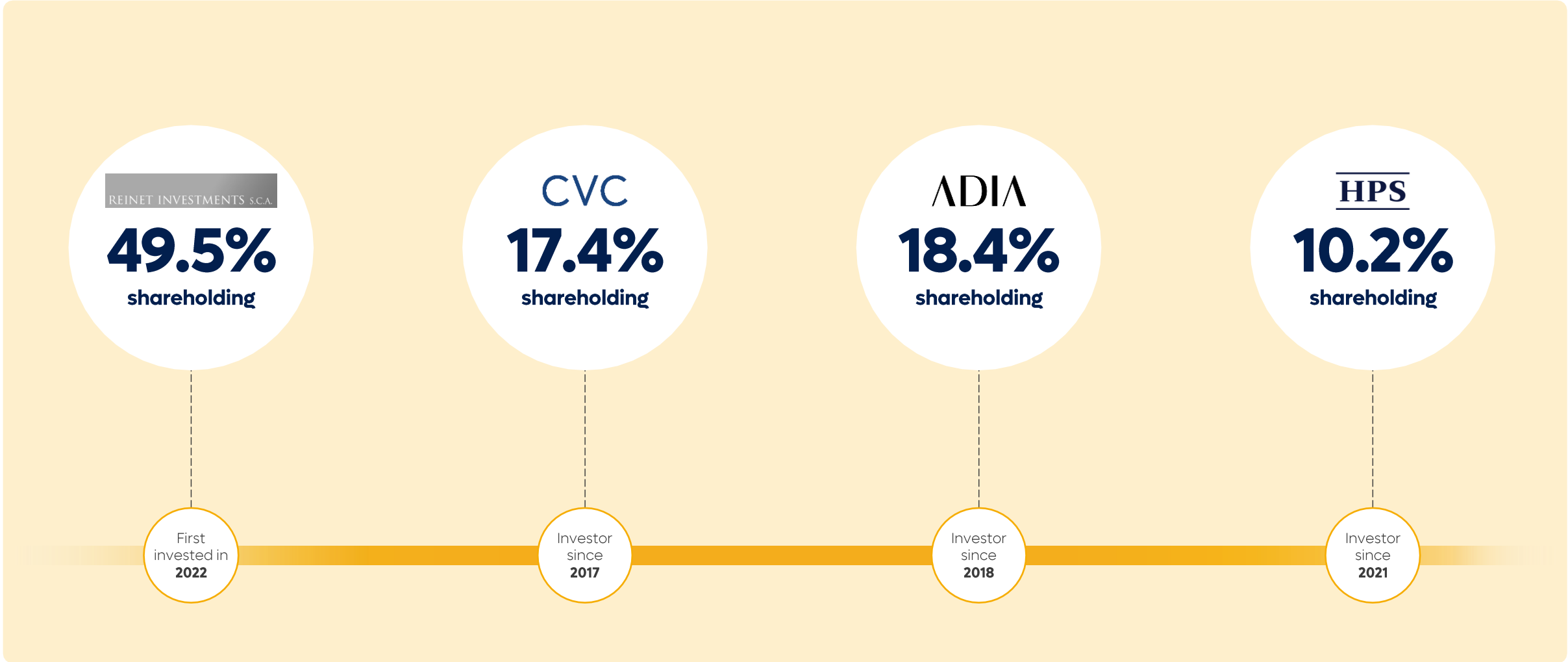
Debt profile at 31 December 2024 £m^{1, 2}



1. PIC's Tier 2 issues are bullet structures and assumed redeemed as per their maturity subject to satisfying the Solvency Condition.

2. PIC's perpetual RT1 note has a call date in 2029 and on every fifth anniversary from that date. For the purposes of this graph only, it has been assumed the bond will be redeemed on the first call date.

PICG's major shareholder base.



The remaining shares are held by a number of other corporate and private individual shareholders and the Employee Benefit Trust. At 31 December 2024.

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