



PENSION INSURANCE
CORPORATION

PENSION INSURANCE CORPORATION GROUP FINANCIAL RESULTS SUMMARY FOR SIX MONTHS TO 30 JUNE 2019 AND PROPOSED DEBT ISSUANCE

London, 12 July 2019 – Pension Insurance Corporation Group Limited¹ (“PICG”), ultimate parent company of Pension Insurance Corporation (“PIC”), the specialist insurer of defined benefit pension funds, today provides an update on trading in the first half of 2019 and announces PIC’s intention to raise further debt capital.

PIC has mandated J.P. Morgan Cazenove as Sole Structuring Agent to the Issuer and HSBC, J.P. Morgan Cazenove and NatWest Markets as Joint Lead Managers to arrange a series of fixed income investor meetings, commencing 16 July 2019. A benchmark issue of GBP perpetual non-call 10 year Restricted Tier 1 contingent convertible notes in Reg S registered format will follow, subject to market conditions. The notes are expected to be rated BBB- by Fitch and will feature principal loss absorption in the form of contingent equity conversion linked to compliance with the Issuer’s regulatory capital requirements.

The funds will be used to optimise PIC’s capital position and support further business growth due to the very strong demand for pension risk transfer across the market.

PICG financial highlights in HY2019:

- Nine new business transactions with total premiums of £6 billion, a record for the period. As previously indicated, the company has a pipeline of new business with more than £40 billion of pension scheme liabilities looking to transact
- £39.6 billion in financial investments (*FY2018: £31.4 billion*)

- Market Consistent Embedded Value (MCEV) of £3,890 million (*FY2018: £3,638 million*)
- IFRS Net Asset Value of £2,528 million (*FY2018: 2,457m*)
- Solvency Capital Ratio of 157% (*FY2018: 167%*)
- IFRS Prudent margins of £2.8 billion (*FY2018: £2.5bn*)
- Over 75% of longevity exposure reinsured
- 218,000 pension fund members insured in total (*FY2018: 192,100*)

Business highlights:

- In February 2019, Fitch affirmed PIC's Insurer Financial Strength Rating at 'A+' (Strong) and Long-Term Issuer Default Rating (IDR) at 'A'
- PIC won the Institute of Customer Service's Customer Commitment Award

Tracy Blackwell, Chief Executive Officer of PIC, said: "The business has had an excellent first half, with record new business in the period and record levels of longevity reinsurance undertaken. A key focus for the business in the next few months will be investing the proceeds of our new business, which will generate further profitability and enhance the value of the business. The pipeline of new business opportunities is exceptionally strong, and we expect a busy second half of the year.

"We continue to be selected by trustees not only on our ability to offer flexible products that meet the needs of trustees, as well as pricing, but also on our customer service for policyholders. In recognition of this, I am delighted that we won our third award in three years from the Institute of Customer Service. I look forward to a strong second half of the year."

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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 (PIC), the Group's regulated insurer; and Pension Services Corporation Ltd, the group's service company.

2) Summary Key Financial Metrics for HY2019 (£ million where relevant):

	HY2019	HY2018	FY2018
Embedded value (MCEV)	3,890	3,402	3,638
Own funds*	4,271	3,677	3,917
Solvency capital requirement*	2,714	2,106	2,343
Solvency ratio*	157%	175%	167%
New business premium	5,969	3,261	7,150
Financial investments	39,590	27,885	31,371
IFRS net assets value	2,528	2,181	2,457

*Refers to PIC plc

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About Pension Insurance Corporation

The purpose of Pension Insurance Corporation (“PIC”) plc 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 half-year 2019, PIC had insured 218,000 pension scheme members and had £39.6 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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