



PIC ANNOUNCES RECORD FIRST HALF

London, 27 September 2023 – Pension Insurance Corporation Group Limited¹, ultimate parent company of Pension Insurance Corporation plc (“PIC”), the specialist insurer of UK defined benefit pension schemes, today presents its results for the six months to 30 June 2023.

Tracy Blackwell, Chief Executive Officer of PIC, said: “I am pleased to report that PIC had an excellent first half of the year. We completed the largest ever bulk annuity transaction, as well as paying more than £1 billion of pension payments, our highest ever six-monthly figure, on which we had a customer satisfaction rating of 99.3%.

“We created significant social value through our purposeful investment strategy, investing more than £1 billion in infrastructure assets during the six-month period. This includes funding the UK’s first reservoir for more than 30 years and completing our second investment to support the UK’s Government Property Agency, investing £268 million in their Croydon hub. We are delighted that our private rental sector development at Manchester New Victoria has now welcomed its first tenants.

“With a solvency ratio of 210%, the strength of our balance sheet will serve us well as increasing numbers of well-funded defined benefit schemes seek the security of the insurance regulatory framework.”

Highlights as at 30 June 2023

Policyholder payments and customer satisfaction

- Record pension payments of £1.1 billion, with customer satisfaction score of 99.3%
- Record number of pensions insured, at 339,900 (*FY2022: 302,200*)
- PIC won several awards based on our customer service, including the Customer Commitment Award at the Institute of Customer Service Awards, Risk Reduction Provider of the Year award at the UK Pensions Awards, and Risk Management Provider of the Year at the Pensions Age awards

Record new business, strong operating profit growth

- New business premiums of £6.5 billion (*HY2022: £2.4 billion*), which primarily includes the record buy-in of two schemes sponsored by RSA Group

- Significant growth potential in the UK pension risk transfer market: potential for over £200 billion of UK PRT demand over the next three years
- Our numbers are reported under IFRS 17 for the first time, and the comparatives, where noted, have been restated accordingly
- Adjusted operating profit before tax² ("AOPBT") of £506 million (*HY2022: £152 million*), driven by higher new business profits and expected returns on surplus assets
- Inaugural dividend of 7.5 pence per ordinary share paid to PICG shareholders

Robust balance sheet and low risk, purposeful investment portfolio

- Strong capital position with solvency ratio of 210% (*FY2022: 226%*)
- Portfolio of £44.9 billion³ (*FY2022: £41.2 billion*), with insurance liabilities⁴ of £38.7 billion (*FY2022: £33.7 billion*)
 - o No defaults for the year to date and more upgrades than downgrades in the portfolio
 - o No exposure within the portfolio to small cap technology firms
 - o Bank investments are primarily in large, well-diversified institutions, with no exposure to US regional banks
 - o No direct commercial real estate loans and limited exposure to commercial property more generally, representing less than 2% of the portfolio, with an average rating of A+
- £1 billion of privately sourced debt investments in the first half
- In September 2023, Fitch Ratings affirmed PIC's A+ (Strong) Insurer Financial Strength rating

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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) The comparatives for AOPBT have been restated for the adoption of IFRS 17
- 3) The comparatives for financial investments have been restated for the adoption of IFRS 9
- 4) The comparatives for insurance liabilities have been restated for the adoption of IFRS 17

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About PIC

The purpose of PIC is to pay the pensions of its current and future policyholders. PIC provides secure retirement incomes through comprehensive risk management and excellence in asset and liability management, as well as exceptional customer service. At half year 2023, PIC had insured 339,900 pension scheme members and had £44.9 billion in financial investments, accumulated through the provision of tailored pension insurance buyouts and

buy-ins to the trustees and sponsors of UK defined benefit pension schemes. PIC has made total pension payments of almost £12 billion to its policyholders. 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