

13 March 2024

Rothesay acquires £6 billion Scottish Widows bulk annuity portfolio from Lloyds Banking Group

Rothesay, the UK's largest pensions insurance specialist, today announces that it has agreed to acquire the c.£6 billion Scottish Widows in-force bulk annuity portfolio from Lloyds Banking Group. The business to be transferred covers the pension benefits of c.42,000 people.

The transaction is in line with Lloyds Banking Group's strategy of building a customer-focussed digital leader and integrated financial services provider. It will enable Lloyds to focus on growing strategically important lines of business such as insurance, investments, retirement and pensions, through direct and intermediary channels.

The acquisition of the Scottish Widows portfolio represents Rothesay's sixth acquisition of in-force annuities, further demonstrating the strength of its capabilities in this part of the pension risk transfer market.

Rothesay has over £60 billion in assets under management and pays out, on average, £2.5 billion in pension payments each year. It was purpose-built to secure the future for its policyholders and is trusted by the pension schemes of some of the UK's best-known companies to provide pension risk transfer solutions along with award-winning levels of customer service.

The transaction, which is subject to regulatory approval, is initially structured as a reinsurance agreement for the in-force bulk annuity portfolio, with a Part VII process to follow next year.

Policies will continue to be serviced by Scottish Widows until the effective date of the Part VII transfer at which point they will begin to receive benefits in the normal way from Rothesay. Policyholders do not need to take any action.

The overall financial impact of this sale on Lloyds Banking Group is not material.

Tom Pearce, Chief Executive Officer at Rothesay, said: "I am delighted that Lloyds Banking Group has chosen Rothesay as the long-term home for its bulk annuity business and look forward to welcoming our new policyholders from Scottish Widows. Rothesay's substantial capital resources combined with the proven strength of our execution capabilities mean we are able to deliver solutions for our clients across all areas of the pension de-risking market. We are proud to provide award-winning levels of customer service for our policyholders along with long-term security for their retirement."

Chira Barua, CEO of Scottish Widows and CEO Insurance, Pensions and Investments at Lloyds Banking Group, said: "We're on a mission to help people in the UK build financially secure futures, supporting the Group's strategy of building a customer-focussed digital leader and integrated financial services provider. This sale will enable us to focus and invest in the insurance, pensions, investments, retirement and protection markets where we want to grow, whilst ensuring positive outcomes for our Bulk Annuities customers."

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Notes to Editors

Lloyds Banking Group and Scottish Widows were advised on the transaction by Fenchurch Advisory Partners, Morgan Stanley and Herbert Smith Freehills. Rothesay was advised by JP Morgan and CMS.

About Rothesay

Rothesay is the UK's largest pensions insurance specialist, purpose-built to protect pension schemes and their members' pensions. With over £60 billion of assets under management, we secure the pensions of more than 934,000 people and pay out, on average, approximately £200 million in pension payments each month.

Rothesay is dedicated to providing excellence in customer service alongside prudent underwriting, a conservative investment strategy and the careful management of risk. We are trusted by the pension schemes of some of the UK's best known companies to provide pension solutions, including British Airways, Cadbury's, the Civil Aviation Authority, the Co-operative Group, National Grid, Morrisons and telent.

Rothesay has two substantial institutional shareholders, GIC and Massachusetts Mutual Life Insurance Company ("MassMutual"), who provide the company with long-term support for its growth and development.

Rothesay refers to Rothesay Limited and its subsidiaries and is the trading name for Rothesay Life Plc, an insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number: 466067. Rothesay Life Plc is registered in England and Wales with company registration number: 06127279 and registered address: Rothesay Life Plc, The Post Building, 100 Museum Street, London WC1A 1PB. Further information is available at www.rothesay.com

About Scottish Widows and Lloyds Banking Group

Lloyds Banking Group is the UK's largest digital bank and leading financial services group. Its insurance division helps millions of customers with their long-term protection, retirement and investment needs, including life insurance, pensions, investments and general insurance (home and car).

Scottish Widows was founded in 1815 and is part of the Group's insurance division. With nearly £170bn assets under administration and six million customers, Scottish Widows' award-winning product range includes workplace and individual pensions, annuities, life cover, critical illness, income protection as well as savings and investment products. Customers can access its products and services through independent financial advisers, directly, and through all Lloyds Bank, Bank of Scotland and Halifax branches.

Scottish Widows entered the Bulk Annuity market in 2015 and with a market share of less than 5%, is one of the smaller participants in the market.