PACIFIC LIFE RE

Pacific Life Re Global Limited
and its subsidiaries

Financial Condition Report (FCR)

For the year ended
31 December 2024

Forming part of the annual regulatory reporting package submitted to the Bermuda Monetary Authority (BMA) by 22 April 2025

Declaration Statement

To the best of our knowledge and belief, the financial condition report fairly represents the financial condition of Pacific Life Re Global Limited and its subsidiaries as at 31 December 2024 in all material respects.

DocuSigned by:
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David Howell

Chief Executive Officer,
Chair & Principal Representative

16 April 2025

DocuSigned by:
E. Murphy
EA8B37AFE169470...

Elaine Murphy

Chief Actuary and
Chief Pricing Officer

16 April 2025

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Executive Summary

The purpose of the report is to provide additional qualitative and quantitative information, over and above that contained in the annual audited financial statements, to policyholders and other stakeholders to understand the performance, governance structure, risk profile, solvency and capital position of Pacific Life Re Global Limited (RGBM) and its subsidiaries (the Company) as at 31 December 2024. Unless the context indicates otherwise, the terms "the Company" or "our" means Pacific Life Re Global Limited and its consolidated subsidiaries.

This Financial Condition Report (FCR) is prepared in compliance with the Bermuda Insurance (Public Disclosure) Rules 2015, following the structure and guidelines contained therein. All figures provided in the report are in United States dollars. The functional currencies of the Company are the Pound Sterling, United States Dollar, Canadian Dollar, Euro, Australian Dollar and Korean Won.

This FCR has six sections:

- A Business and Performance;
- B Governance Structure;
- C Risk Profile;
- D Valuation for Solvency Purposes;
- E Capital Management; and
- F Subsequent Event.

A Business and Performance

This section provides particulars regarding the organisational structure, insurance business activities and financial performance.

Organisational Structure and Description of Business

Pacific Life Re Global Limited (RGBM), including its wholly owned and controlled subsidiaries, Pacific Life Re International Limited (RIBM), Pacific Life Re Holdings Limited (PLRH), Pacific Life Re Limited (PLRL) and Pacific Life Re (Australia) Pty Limited (PLRA), is a wholly owned subsidiary of Pacific Life Re Holdings LLC (PLRH LLC), which is in turn wholly owned by Pacific LifeCorp (PLC). PLRH LLC is a limited liability company organized under the laws of Delaware. PLC is an intermediate Delaware stock holding company. PLC is a wholly owned subsidiary of Pacific Mutual Holding Company (PMHC), a Nebraska mutual holding company (and ultimate parent of the Company). Unless the context indicates otherwise, the terms "the Company" or "our" means RGBM and its consolidated subsidiaries. The Company provides life reinsurance and life retrocession solutions to its customers.

RGBM and RIBM are reinsurance carriers participating in PMHC's global life reinsurance division (Pacific Life Re, PL Re or the Division). In early 2024, PL Re moved from a geographical-based structure to a global product-based management structure with three lines of business: Protection, Savings & Retirement (S&R), and Capital Solutions.

RGBM was incorporated in Bermuda on 31 March 2020 and is licensed as a Class E long-term insurer by the Bermuda Monetary Authority (BMA). RIBM is also licensed as a Class E long-term insurer by the BMA and provides reinsurance services, including via its branches which are regulated in the United Kingdom (UK), Canada, Singapore and South Korea.

PLRA, an Australia domiciled reinsurance company that is regulated and authorized by the Australian Prudential Regulation Authority (APRA), is a wholly owned and direct subsidiary of RIBM. PLRA is engaged in providing reinsurance which includes individual and group life, disability and critical illness, and income protection reinsurance in Australia.

PLRH, a UK domiciled holdings company, is a wholly owned and direct subsidiary of RIBM. PLRL is a UK wholly owned direct subsidiary of PLRH. By 1 January, 2023, PLRL had completed transfers of all reinsurance business to RIBM consequently, its regulatory permissions were cancelled in the UK on 14 September, 2023. On 18

December, 2023, each of the Boards of PLRL and PLRH appointed, effective 1 January, 2024, insolvency practitioners to enable a member's voluntary liquidation of each of PLRL and PLRH in 2025.

Performance

The Company's underwriting result on a United States of America Generally Accepted Accounting Principles (US GAAP) consolidated basis for the year ended 31 December 2024 was income of $241.7 million (2023: $181.3 million). The main drivers for the increase in the underwriting result is:

- Net favourable impact of treaty restrike and recaptures
- Higher premiums driven by new business, higher volumes and inforce book growth

Partially offset by;

- Adverse claim experience and unfavorable IBNR assumption adjustment in the protection business
- Increase in reserves due to model updates and data refresh during the year.

The investment performance for the year ended 31 December 2024 returned a net investment gain of $82.1 million (2023: $95.0 million). The main drivers of the decrease in investment gain were as follows:

- Increase in the net realised loss from sale of fixed income securities
- Unrealised loss on foreign exchange(FX) swap derivatives purchased in 2024, due to strengthening of USD against GBP and JPY since the purchase
- Increase in net loss due to decrease in fair value of funds withheld assets due to a rise in yields compared to prior year

Partially offset by:

- Rise in interest income attributed to an increase in total investments coupled with higher interest rates.

The unrealised loss for the year from the fixed income securities, net of tax, was $155.3 million (2023: unrealised gain of $169.0 million). The unfavourable movement was due to a rise in bond yields compared to prior year where bond yields decreased globally. The unrealised gain/loss forms part of Other comprehensive Income (OCI) on the balance sheet and is not part of the net income.

B. Governance Structure

The Company is subject to an overarching system of governance which is consistently applied to the whole Division. The system of governance has been designed to promote the sound, effective and prudent management of the reinsurance and retrocession carriers (i.e. RGBM, RIBM and PLRA) within the Division. In addition to the Division system of governance, PLRA has a separate system of governance.

Central to the Division system of governance is RGBM and RIBM's Boards (the Board). The Board comprises a mix of executive directors and non-executive directors (NEDs) including independent non-executive directors (INEDs). The Board is responsible for the overall oversight of the Company including:

- setting the corporate strategy and overseeing management's prudent and effective planning for and implementation of the same;
- adopting and maintaining a system of governance framework and related corporate governance, controls, and risk management; and
- approving the Company's risk appetite and overseeing its effective implementation and monitoring by management.

The Board has delegated some of its powers and discretions to the following permanent committees:

- Board Audit Committee (BAC) (which is responsible for matters set out in its terms of reference, including assisting the Board in the financial reporting processes, internal controls, and internal/ external audit processes);
- Board Risk Committee (BRC) (which is responsible for matters set out in its terms of reference and advising the Board on the Company's risk framework); and
- Board Remuneration Committee (RemCo) (which is responsible for matters set out in its terms of reference and advising the Board on the Company's remuneration).

Overall responsibility for the internal audit function rests with the Division Head of Internal Audit, who, in order to maintain independence, has a direct reporting line to the SVP Corporate Audit. The annual internal and external audit plans are reviewed and approved by the BAC.

C Risk Profile

The Company's key risks consist of insurance risks i.e., longevity, mortality, morbidity, and persistency, market risks, i.e., interest rates, currency, and credit spreads, and operational risk. The company is also exposed to counterparty risk, liquidity risk, and group risk.

As at 31 December 2024, the Company's in-force portfolio consisted of protection reinsurance, protection retrocession business, longevity swaps, funded reinsurance and Capital Solutions business. The protection business consists of mortality and morbidity risks written through branches in the UK, Canada, Singapore and Korea, as well as protection reinsurance of both retail insurance products and insurance provided through large pension funds (group insurance) written in Australia. The longevity swap and funded reinsurance comprises business written across the UK, Netherlands, Japan, and North America, as well as the reinsurance arrangement of Pension Risk Transfer (PRT) business from Pacific Life Insurance Company (PLIC) into RGBM.

In line with the Company's Risk Strategy, this primarily results in preferred insurance risks (longevity, mortality and morbidity), as well as credit risk being written.

D Valuation for Solvency Purposes

The bases, methods and main assumptions used for the valuation of the Company's assets, technical provisions and other liabilities have been prepared in line with the BMA basis. The Economic Balance Sheet (EBS) measurement basis is fair value, using quoted prices for invested assets where available. The fair value of an asset is the amount for which it could be exchanged between knowledgeable willing parties in an arm's length transaction.

E Capital Management

The Company's BMA Bermuda Solvency Capital Requirement (BSCR) is the Transition Enhanced Capital Requirement (ECR). The ECR is a blend of the original basis and revised methodologies following the revision of the BSCR by the BMA in 2019 and 2024. As at 31 December 2024, the Company has an ECR of $848.3 million (2023: $837.5 million) and a solvency coverage ratio of 238% (2023: 233%). The minimum margin of solvency (MSM) is calculated using a formulaic approach. Only Eligible capital (Tier 1 & 2) is available to cover the MSM, subject to limits. The Company has an MSM ratio at 31 December 2024 of 964% (2023: 932%).

	2024	2023
	$'000	$'000
Available Statutory Economic Capital and Surplus	2,022,001	1,951,605
ECR	848,346	837,529
ECR Ratio	**238 %**	**233 %**
Eligible Capital for MSM	2,018,822	1,951,605
MSM	209,420	209,382
MSM Ratio	**964 %**	**932 %**

F Subsequent Events

On 1 January 2025: (i) Jay Orlandi resigned as a director of RIBM and RGBM; (ii) Phillip Beach resigned as a director of RGBM; (iii) Simon Machell was appointed a director of RGBM; (iv) Tony Tong was appointed a director of RGBM; and (v) Tony Tong replaced Kerri Michelle Moloney as Chief Risk Officer.

On 11 March, 2025, RIBM entered into a standby letter of credit facility of $500 million with a third party bank. The facility is due to expire on 11 March, 2026, but is subject to automatic renewals for additional successive one year periods. On 13 March, 2025, the bank issued $450 million letter of credit pursuant to this facility.

On 24 March, 2025 the Company extended the maturity date for the letter of credit entered into on 20 June, 2024 from 20 June, 2027 to 24 March, 2028, and increased the total amount of the letter of credit from $14 million to $24 million.

As of 31 December, 2024, the Company had a $200 million loan with PLIC. On 13 March, 2025, the loan was increased to $957 million, with $757 million being repaid to PLIC on 20 March, 2025. The remaining $200 million loan is expected to be repaid by the end of April 2025.

A Business and Performance

A. Business and Performance

A.1 Name and legal form of the undertaking

Pacific Life Re Global Limited (RGBM).

A.2 Name and contact details of the insurance supervisor and group supervisor

	Insurance Supervisor	***Group Supervisor***
Name:	*Bermuda Monetary Authority, BMA House, 43 Victoria Street, Hamilton HM 12 Bermuda*	*The Nebraska Department of Insurance, PO Box 82089, Lincoln, Nebraska 68501-2089*
Jurisdiction:	*Bermuda*	*Nebraska, USA*
Email Address:	*PMason@bma.bm*	*Eric.Dunning@nebraska.gov; Anthony.Quandt@nebraska.gov*
Phone Number:	*+1 441-295-5278*	*402-471-2201*

A.3 Name and contact details of the approved auditor

Organisation:	Deloitte Ltd Corner House, 20 Parliament Street, Hamilton HM 12, Bermuda
Name:	*Muhammad Khan*
Jurisdiction:	Bermuda
Email Address:	*muhammad.khan@deloitte.com*
Phone Number:	+1 441-292-1500

A.4 Qualifying holdings in the undertaking

Owner Name	Ownership Percentage
Pacific Life Re Holdings LLC	100%

The ultimate parent company and controlling party of the Company is PMHC.

A.5 Group structure

The corporate structure of the Bermuda operating entities and subsidiaries, including their United States (US) intermediate parent company, as at 31 December 2024, is set out below:

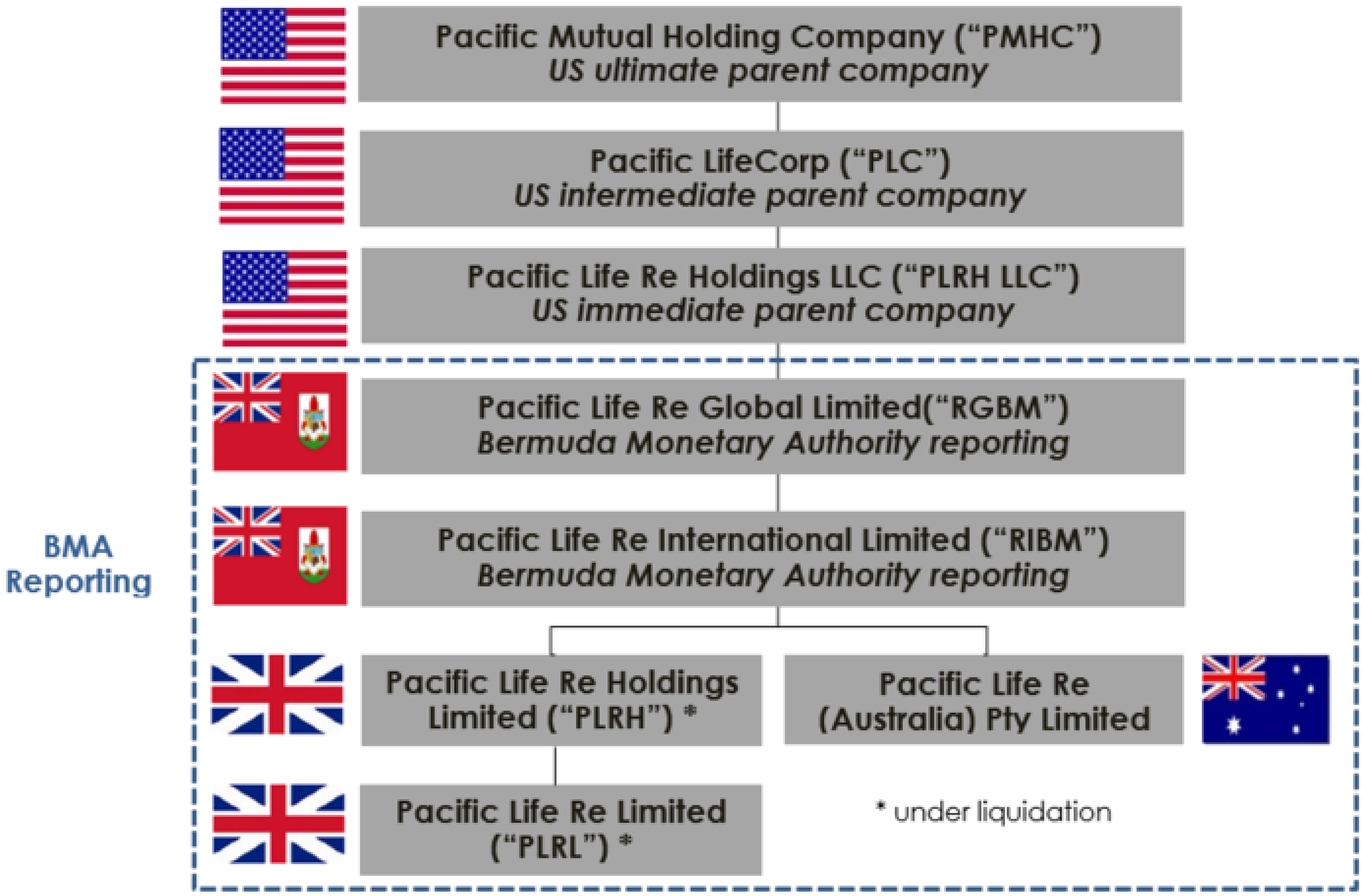

Figure 1 - Corporate structure chart

For more than 150 years, the Pacific Life Group, headquartered in California, has been providing financial protection and retirement solutions. During this time, the Pacific Life Group has expanded both in product and service lines as well as in geographic presence. During a 1997 corporate restructuring, PMHC was formed to become the ultimate parent company of the Group.

The Pacific Life Group's primary business operations include (1) providing life insurance products, annuities and mutual funds; (2) offering to individuals, businesses and pension plans a variety of investment products and services; and (3) offering a comprehensive range of wholesale life risk management products to other insurers and reinsurers, this latter category being the reinsurance business carried on by PL Re.

PL Re comprises the Pacific Life Group's reinsurance business and operations. These encompass the reinsurance and retrocession business carried on by RGBM, RIBM and their affiliate companies PLIC and PLRA.

PL Re is one of the largest and most experienced reinsurance providers in the life reinsurance and longevity market. PL Re provides life, critical illness, income protection, hospital cash, and longevity reinsurance and retrocession products and services.

A.6 Insurance business written by business segment and by geographical areas of operation during the reporting period

The table below shows the business written by geographic location on a US GAAP consolidated basis for the years ended 31 December 2024 and 2023.

	US GAAP 2024				
	Australia	Asia	Europe	North America	Total
Premiums	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross	492,908	293,266	2,175,338	1,422,841	4,384,353
Reinsurers' share	(657)	(3,595)	(95,115)	(378)	(99,745)
Other Insurance Income	225	1,702	337,522	—	339,449
Net	**492,476**	**291,373**	**2,417,745**	**1,422,463**	**4,624,057**

	US GAAP 2023				
	Australia	Asia	Europe	North America	Total
Premiums	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross	461,067	300,521	1,441,301	348,480	2,551,369
Reinsurers' share	(78)	(3,124)	(84,918)	(335)	(88,454)
Other Insurance Income	9	1,564	2,820	24,002	28,396
Net	**460,998**	**298,962**	**1,359,204**	**372,148**	**2,491,311**

Figure 2 - Summary of business written over the reporting period by geographical location

The increase in the premiums earned compared to 2023 is largely due to the following:

- increased premium from new business, novation of funded reinsurance business from PLIC into RIBM and the renewal of inforce treaties
- Increase in other insurance income due to fee receipt from treaty restrike and recaptures.

The table below shows the business written by business segment on a US GAAP consolidated basis for the years ended 31 December 2024 and 2023.

	US GAAP 2024		
	Protection	Savings & retirement	Total *
Premiums	**$'000**	**$'000**	**$'000**
Gross	1,872,112	2,512,241	4,384,353
Reinsurers' share	(10,959)	(88,786)	(99,745)
Other Insurance Income	4,044	335,405	339,449
Net	**1,865,198**	**2,758,860**	**4,624,057**

	US GAAP 2023		
	Protection	Savings & retirement	Total**
Premiums	**$'000**	**$'000**	**$'000**
Gross	1,789,253	762,116	2,551,369
Reinsurers' share	(12,604)	(75,849)	(88,454)
Other Insurance Income	25,853	2,542	28,396
Net	**1,802,502**	**688,809**	**2,491,311**

Figure 3 - Summary of business written over the reporting period by business segment

* Capital Solutions premiums were immaterial for 2024 and shown as part of protection business.
**There were no premiums for Capital Solutions in 2023.

A.7 Performance of investments and material income and expenses for the reporting period

The performance of investments and material income and expenses for the reporting period are presented below on a US GAAP consolidated basis.

Information on income and expenses arising from investments over the reporting period

The following table shows the fair market value of the Company's investment portfolio:

	EBS	
	2024	2023
Investments	**$'000**	**$'000**
Corporate & Sovereign Bonds	4,714,832	3,383,476
Residential Mortgage Backed Securities	856	823
Life Time Mortgages	213,111	—
Private Equity	29,790	—
Total	**4,958,589**	**3,384,299**

Figure 4 - Summary of investments by investment type

The increase from 2023 is largely from investing premiums and premiums received in kind (bonds), offset by unrealised losses as a result of a rise in bond yields and FX losses on revaluation.

Income and expenses arising from investments over the reporting period are shown below:

		US GAAP	
		2024	2023
		$'000	$'000
Investment income	Fixed income securities	158,155	102,576
	Cash and cash equivalents	23,039	12,308
	Other	16,710	2,764
	Total	**197,904**	**117,648**
Gains/(losses) on fixed income securities	Realised gains	15,309	1,813
	Realised losses	(86,676)	(10,670)
	Total	**(71,367)**	**(8,857)**
Less: Investment expenses		(3,994)	(3,279)
Realized and unrealized foreign currency (loss) gain		(14,914)	1,403
Reinsurers' share of interest on custody assets		7,187	(1,258)
Fair value movement on Funds Withheld		2,998	(10,670)
Fair value movement on Foreign currency Swaps		(1,690)	—
Fair value movement on embedded derivative		(31,038)	—
Allowance for Credit Loss(ACL) on Lifetime Mortgages		(3,031)	—
Total net investment income		**82,055**	**94,987**

Figure 5 - Summary of earned investment income over the reporting period.

The Company earned investment income on fixed income securities of $197.9 million during the year ended 31 December 2024 (2023: $117.6 million). This was mainly driven by increase in investments & higher interest rates in the year.

The Company realised net losses on its fixed income securities of $71.4 million during the year ended 31 December 2024 (2023: loss of $8.9 million). This was mainly driven by realised losses on sale of bonds.

The Company incurred net gain of $3.0 million on funds withheld liability during the year ended 31 December 2024 (2023: loss of $10.2 million) due to favourable movement of fair value of funds withheld for client portfolio.

The movement on embedded derivative represent the movement in fair value of funds withheld assets for PLIC to RGBM retrocession.

Material income and expenses during the reporting period

Underwriting result

The Company's underwriting result on a US GAAP consolidated basis for the year ended 31 December 2024 was an income of $241.7 million (2023: $181.3 million). The main drivers for the change in the underwriting result were as follows:

- Net favourable impact of treaty restrike and recaptures
- Higher premiums driven by new business, higher volumes and inforce book growth

Partially offset by;

- Adverse claim experience and unfavorable IBNR assumption adjustment in the protection business
- Increase in reserves due to model updates and data refresh during the year.

	US GAAP	
	2024	2023
	$'000	$'000
Premiums		
Gross	4,384,353	2,551,369
Reinsurers' share	(99,745)	(88,454)
Other Insurance Income	339,449	28,396
Net	**4,624,057**	**2,491,311**
Policy benefits incurred		
Gross	1,466,391	1,323,289
Reinsurers' share	45,198	3,335
Net	**1,511,589**	**1,326,624**
Change in future policy benefit reserves		
Gross	2,337,736	670,878
Reinsurers' share	128,112	103,040
Net	**2,465,848**	**773,918**
Acquisition costs, including commission and other insurance expenses		
Gross	409,832	212,949
Reinsurers' share	(4,893)	(3,525)
Net	**404,939**	**209,424**
Underwriting result	**241,681**	**181,345**

Figure 6 - Summary of the underwriting result over the reporting period.

Reconciliation of underwriting result to the gain for the year in the US GAAP consolidated financial statements.

	US GAAP	
	2024	2023
	$'000	$'000
Underwriting result (figure 6)	241,681	181,345
Net investment income (figure 5)	82,055	95,487
Other income	4,775	3,397
Operating expenses (figure 8)	(281,876)	(244,025)
Interest expenses	(3,530)	(731)
Tax (charge)/provision (figure 9)	(3,533)	11,576
Net gain, US GAAP consolidated financial statements	**39,572**	**47,048**

Figure 7 - reconciliation from the underwriting result to the net gain in the US GAAP consolidated financial statements

Operating expenses

	US GAAP	
	2024	2023
	$'000	$'000
Operating expenses	281,876	244,024
Total operating expenses	**281,876**	**244,024**

Figure 8 - Operating expenses

Operating expenses include employee costs, property costs and IT costs and recharges thereof. The increase is mainly driven by higher management fees driven by higher technology costs and higher staff costs.

Tax charged to the Statement of Operations

	US GAAP 2024	US GAAP 2023
	$'000	$'000
Current tax charge/(credit)	6,526	(46,821)
Deferred tax (credit)/charge	(2,993)	35,246
Total tax charge/(credit)	**3,533**	**(11,576)**

Figure 9 - Summary of tax charge/(credit) over the reporting period

Tax charge in 2024 is mainly due to the profits offset by tax credit due to release of deferred tax liability in the year . Tax credit in 2023 is due to prior year US tax return adjustment.

Intra-group transactions

The material intra-group transactions are included in the 'transactions with affiliates' note in the RGBM US GAAP consolidated financial statements.

A.8 Any other material information

The Company's pledged assets are included in the 'commitments and contingencies' note in the RGBM US GAAP consolidated financial statements.

B Governance structure

B. Governance Structure

B.1 General information on the system of governance

The Company is subject to an overarching system of governance that applies to the whole Division. The system of governance document describes the main elements of the Division's system of governance and is available to all staff. The document is approved by the Board and is reviewed and updated annually. It was substantially updated in early 2024, following PL Re's move from a geographical-based structure to a product-based management structure with three lines of business; Protection, Savings & Retirement, and Capital Solutions.

Board and Senior Executives

The Board of Directors fulfills a critical role in the sound and prudent governance, oversight and successful operation of the Company. The mix of skill, knowledge, expertise and experience within the Board is commensurate with the nature, scale and complexity of the business and its composition is reviewed by the Chair annually. The Board meets at least four times a year and conducts a self-assessment of its performance and effectiveness annually, led by the Chair. The Board's powers, authorities and duties are vested in it by RGBM's Bye-Laws, RGBM's Board Reserved Matters, the Division system of governance, Treaty Authority documents (where relevant) and is subject to the Code of Conduct adopted by the BMA and the Bermuda Insurance Act 1978 as amended.

The Chair of the Board is responsible for the operation, leadership and governance of the Board, ensuring its effectiveness and setting its agenda.

The Chief Executive Officer (CEO) has delegated authority from the Board to manage the business of the Company on a day-to-day basis.

The NEDs all have industry relevant experience and are responsible for providing guidance to and challenging the executives. As at 31 December 2024, the Board consists of five NEDs, three of which are INEDs. In 2022, one of the INEDs was designated as the Lead Director in various discussions with the executives relating to the CEO remuneration arrangements.

The responsibilities of the Directors are agreed with each Director.

Members of the RGBM Board who served during the year ended 31 December 2024 or newly appointed on 1 January 2025 were as follows:

Members	Role	Date Appointed/(Resigned)
David Howell	Chief Executive Officer and Chair	31 March 2020
Phillip Beach	EVP, Savings & Retirement	18 April 2024 (resigned 1 January 2025)
Robert Diefenbacher	Executive Director	Continued directorship from Pacific Life Re (Barbados) Limited (resigned 31 January 2024)
Rhys Faulkner	Chief Actuary and Chief Pricing Officer	31 March 2020 (resigned 18 April 2024)
Kerri Michelle Moloney	EVP. Capital Solutions	28 September 2021
Elaine Murphy	Chief Actuary and Chief Pricing Officer	18 April 2024
Tony Tong	Chief Risk Officer	1 January 2025
Amanda Sodergren	INED and Chair of the Audit Committee and Risk Committee and Lead Director	1 September 2020
Costas Miranthis	INED	1 September 2020
Kirstin Gould	INED	1 September 2020
Simon Machell	INED	1 January 2025
Jay Orlandi	NED (Pacific Life Representative)	11 February 2023 (resigned 1 January 2025)
Vibhu Sharma	NED (Pacific Life Representative)	20 March 2023

Figure 10 - Members of the Board who served during the year ended 31 December 2024 or newly appointed on 1 January 2025.

Board Committees

The Board has delegated some of its powers and discretions to the following permanent committees, and the scope of that delegation is set out in the relevant committee's terms of reference:

- Board Audit Committee (BAC);
- Board Risk Committee (BRC); and
- Board Remuneration Committee (RemCo).

Board Audit Committee

The BAC is responsible for assisting the Board in carrying out its duties in respect of financial reporting processes, internal controls, performance of the internal and external audit processes and approval of the annual accounts.

The Company's BAC consists of a mix of Executives and NEDs of which five members are NEDs, with three being INEDs and two non-independent NEDs. It meets four times a year with the mandate to convene additional meetings as circumstances require. The Chairperson of the BAC is an INED.

Board Risk Committee

The BRC is responsible for assisting the Board in its oversight of the Company's risk framework, including oversight of overall design of the framework, risk strategy, risk appetite, Capital Management Policy and other risk policies relevant to the Company.

The BRC oversees the risk function's implementation of the framework, in particular, the annual Commercial Insurer's Solvency Self-Assessment (CISSA), and is responsible for monitoring risk exposures in relation to RGBM's risk appetite. It is also responsible for reviewing the adequacy and effectiveness of risk management information (Risk MI), any exceptions reported therein, and the adequacy and effectiveness of actions proposed by management to address them.

As at 31 December 2024 the Company's BRC consists of a mix of Executives, four INEDs and two non-independent NEDs. The Chairperson of the BRC is an INED. The BRC meets at least four times a year with the mandate to convene additional meetings as circumstances require.

Board Remuneration Committee

The RemCo meets at least annually and is responsible for reviewing an annual report prepared by management which details the Company's proposed fixed and variable remuneration for staff serving in the previous year, compliance with the principles set out in the Division Remuneration Policy and whether the Division Remuneration Policy and practices are effective and consistent with effective risk management and regulatory requirements.

Vibhu Sharma, a non-executive director and representative of Pacific Life, replaced Jay Orlandi as Chairperson of RemCo on 1 January 2025, and reports annually to the RGBM Board on RemCo activities. Other members of RemCo during the reporting period include three INEDs and the CEO. The Chief Executive Officer of the Pacific Life Group (the PL CEO) consults with Pacific Life HR team on the employment arrangements relating to the CEO. The PL CEO's recommendations on the CEO employment arrangements will be presented to the Lead Director for review and approval on behalf of the Company's Board and RemCo.

Executive responsibility

Bermuda Executive Team

The Bermuda Executive Team is responsible for the head office operations of RGBM, RIBM and the branches, as well as Pacific Life Services Bermuda Limited (RSBM) and Pacific Life Holdings Bermuda Limited (RHBM). The team comprises of:

- The CEO;
- The Chief Risk Officer (CRO);
- The Chief Financial Officer (CFO);
- The Chief Actuary and Chief Pricing Officer;
- The EVP, Capital Solutions; and
- The EVP, Savings & Retirement.

Division Executive Committee

The Division Executive Committee (ExCo) is responsible for day-to-day management of the Company's business affairs and is chaired and led by the CEO. The ExCo's duties include formulating strategy proposals for Board approval and ensuring that the agreed strategy is implemented in a timely and effective manner.

Division ExCo decisions and recommendations are subject to the Board Reserved Matters of RGBM. To that extent, any decisions and recommendations made by the Division ExCo which are subject to Board Reserved Matters may be altered, adapted or rejected by RGBM's Board.

Remuneration Policy

The Company recognises that employee rewards and incentives are a significant determinant of behaviour and that setting these appropriately is an important means to nurture an appropriate risk culture and to ultimately promote the long-term success of the business.

The Company has adopted the Division's Remuneration Policy, the objectives of which are:

- to align individual objectives with the strategy and the interests of the relevant Line of Business, the Division and PMHC, the ultimate shareholder of the Company;
- to ensure that, so far as is possible, the incentives applicable to individual employees are consistent with effective risk management and that any perverse incentives are eliminated;
- to mitigate the potential for any misalignment of incentives to result in adverse outcomes for the business, its clients or its ultimate shareholder;
- to establish a clear and transparent process for the setting of incentives and the determination of any subjective judgements; and
- to establish clear roles and responsibilities for those involved in remuneration decisions and processes.

Across the Division, for most employees, remuneration is comprised of two component parts: fixed remuneration and variable remuneration. Senior leadership remuneration comprises a third element, long term incentive plan (LTIP), which encourages a long-term strategic outlook. Further, remuneration for non-executive directors is determined with reference to market rates to encourage strong candidates and appropriate discharge of duties. These are explained more fully below.

Fixed remuneration

Fixed remuneration takes into account an individual's professional experience and qualifications, relevant laws and regulations, local labour market conditions and internal and external benchmarking.

Variable remuneration – annual incentive plan

PL Re has implemented an annual incentive plan (AIP), which is designed to create a strong relationship between an employee's performance and reward. An employee's AIP target is set depending on the level of the employee's seniority and is based on a percentage of the employee's annual salary.

A single AIP pool with one set of performance metrics has been created to cover all employees. It is the performance of the Division and the Pacific Life Enterprise as a whole which determines the overall pool.

An employee's individual AIP bonus is determined by their own performance as well as that of the Division and, potentially, the Line of Business in which they work. The bonus actually awarded may be below, above or at the stated AIP target.

Variable - long term incentive plan

The purpose of the Division's rolling LTIP is to incentivise the ExCo and certain other senior employees by aligning their interests with the longer-term strategy of Pacific Life. An employee's LTIP target is set depending on the level of the employee's seniority and is based on a percentage of the employee's annual salary.

The LTIP remuneration is based on the Division's post-tax US GAAP Return on Equity(RoE) over a three-year period and metrics associated with the wider Pacific Life group. Explicit arrangements are included to allow for non-payment in case of material adverse corporate or individual performance.

Non-Executive Directors

The remuneration of INEDs is designed to attract and maintain high quality board members while being consistent with and supportive of maintaining their independence. The INEDs receive a set fee for their services and are not entitled to any performance-based options or bonus payments.

Supplementary pension or early retirement schemes

Employees of the Division's entities may be eligible to participate in pension or superannuation schemes.

Material transactions over the period with persons who exercise significant influence

During the year ended on 31 December 2024, RGBM entered into the following material transactions with one or more of its shareholders, persons who exercise significant influence, the Board or senior executives:

- On 31 January 2024, Robert Diefenbacher resigned as a director of RGBM. On 18 April 2024: (i) Phillip Beach was appointed as a director and officer of RGBM; (ii) Rhys Faulkner resigned as director and officer of RGBM; (iii) Elaine Murphy was appointed a director of RGBM; and (iv) Elaine Murphy replaced Rhys Faulkner as Chief Actuary and Bermuda Chief Pricing Officer.

- RGBM distributed $18.5 million to PLRH LLC by way of capital distributions in 2024.

- In Q1 2024, RIBM UK branch amended its contract with PLIC to increase quota share on retrocession of certain longevity swap treaties.

- On 30 September 2024, RGBM entered into a funds withheld coinsurance agreement with PLIC in respect of certain PRT business.

- In December, 2024, RIBM UK Branch terminated a retrocession contract with PLIC, and simultaneously, the related reinsurance contract was amended such that RIBM became the assuming entity in place of RIBM UK Branch.

- On 5 December, 2024, RIBM borrowed a $382 million loan from PLIC. On 13 December, 2024, RIBM repaid $304 million, and on 16 December, 2024, RIBM repaid the remaining $78 million. The interest paid on the loan was $0.4 million. Separately, on 6 December, 2024, RIBM borrowed a $200 million loan from PLIC.

B.2 Fit and proper requirements – Board and Senior Executives

Overview

In order for the Company to conduct its business activities and recruitment practices in accordance with the Pacific Life Group's guiding principles and high ethical standards, the Company has adopted the Division's Fitness and Propriety Policy.

Under this Policy, due diligence is carried out on all Board and senior executives before their appointment. Once appointed or employed, these individuals are subject to ongoing fitness and propriety checks.

Determining an individual's skills, knowledge and expertise – Board assessment and senior executives

RGBM maintains procedures for ensuring that the Board and senior executives are 'fit and proper', which means ensuring that each individual is reputable, has previously demonstrated the appropriate competence and integrity in fulfilling occupational, managerial or professional responsibilities, and that he or she has no conflicts of interest which could affect the proper performance of their duties.

In addition to a robust interview process that is designed to assess competence and suitability for a role, Board and senior executives are subject to thorough background checks prior to carrying out services for the Company, including verifying academic and professional qualifications and memberships, verifying prior roles held and experience, checking any directorships or significant shareholdings of the applicant, and conducting any further checks which are necessary under regulatory requirements. The Company also repeats some of these checks on an annual basis.

Description of the Professional qualifications and skills of the Board and Senior Executives

David (Dave) Howell ***Chief Executive Officer, Chair & Principal Representative (Director)***	David is the CEO of the Pacific Life Re Division of the Pacific Life Group and has over 30 years' experience in life reinsurance. As part of this role, David is the CEO of the Bermuda reinsurance entities, RGBM and RIBM. He is a director of several PL Re Division companies and a former director of PLRA. David has been the CEO of the PL Re Division since 2006 after joining as deputy CEO in late 2005. Prior to joining PL Re, he was the Chief Pricing Officer for Swiss Re Life and Health based in Zurich and has previously held various roles within Swiss Re and M&G Re across Switzerland, the UK, and Canada. David obtained his Bachelor of Mathematics Degree from the University of Waterloo in 1990 and became a Fellow of the Society of Actuaries in 1997.
Courtney (Court) Post ***Chief Financial Officer (Officer only)***	Court rejoined Pacific Life Re in June 2020 as Bermuda CFO and was subsequently appointed Division CFO on 1 April 2022. In addition to serving as a Director of RIBM, he is also a Director of RHBM, Chair of RSBM, and an officer with financial oversight responsibilities for RGBM. Before rejoining PL Re, Court served as Vice President at RenaissanceRe in Bermuda (March 2019–May 2020) and held the role of Director of Forecasting, Planning & Analysis. He previously spent eight years with PL Re (2011–2019), most recently as Divisional Head of Financial Planning & Analysis in London, UK, and earlier as AVP Financial Planning & Analysis in Toronto, Canada. Earlier in his career, Court held a variety of financial reporting roles with The SalesForce Group and Middlefield Group in Toronto, and with Artex Risk Solutions (Bermuda) Limited and Arthur J. Gallagher in Bermuda. Court is a Chartered Professional Accountant (CPA) and a member of CPA Canada, as well as a Chartered Financial Analyst (CFA) and a member of the CFA Institute.
Phillip (Phill) Beach ***EVP, Savings & Retirement (Officer only) (resigned as Director on 1 January 2025)***	Phill is the Executive Vice President of our Savings & Retirement business which includes our longevity reinsurance and funded solutions business globally. He joined Pacific Life Re in 2017 as Head of Pricing for our Europe business unit and has extensive experience in leading teams in the Bulk Annuities, Retail Annuities and Retail Protection markets. Prior to Pacific Life Re, Phill was previously Head of Core Pension Risk Transfer at Legal & General and had previously headed up their Product, Pricing and Underwriting for the Annuity business. Phill has also worked at a number of other UK life companies in his 25 year career. Phill also sits on the ExCo. Phill has a Bachelor of Science Degree in Maths and Economics and is a Fellow of the Institute of Actuaries.

Elaine Murphy ***Chief Actuary and Chief Pricing Officer (Director)***	Elaine is the Chief Actuary & Chief Pricing Officer for Pacific Life Re responsible for overseeing actuarial reporting and pricing activities across the business. Elaine joined Pacific Life Re in 2018 as Longevity Business Development Director, and after 3 years working in the Europe Longevity Sales and Marketing team, was promoted to Head of Risk in 2021 for Europe. Elaine then became Head of Risk for the Asia and Australia markets. Prior to joining PL Re Elaine was a senior consultant with Hymans Robertsons advising a range of insurance and reinsurance clients on ALM, capital modelling and longevity pricing. Elaine obtained a Joint Honours Degree of Bachelor of Science in Artificial Intelligence and Mathematics from the University of Edinburgh in 2004. She became a Fellow of the Institute and Faculty of Actuaries and a Chartered Enterprise Risk Actuary in 2013.
Kerri Michelle Moloney ***EVP Capital Solutions (Director)***	Michelle is the Executive Vice President for our Capital Solutions line of business and is responsible for the strategic direction of growing this business globally as well as sourcing Inforce insurance blocks in North America for Pacific Life Re. She also sits on the ExCo. Michelle joined Pacific Life Re as the Division CRO in February 2021. In this role she oversaw the risk management activities across Pacific Life Re and managed the second line risk management activities and the governance and validation of our economic capital models. Prior to this Michelle was at Protective Life Insurance Company where she had been the CRO. Before this she worked for Wells Fargo as SVP of Strategy and Regulation for their reinsurance division. Michelle obtained a Joint Honors Bachelor of Mathematics from the University of Waterloo in 1992. She joined the Fellowship of the Society of Actuaries and Canadian Institute of Actuaries in 1997 and became a Chartered Financial Analyst in 1999.
Antony (Tony) Tong ***Chief Risk Officer (Director) (appointed 1 January 2025)***	Tony joined Pacific Life Re in 2016 and has held roles in the group including Head of Finance & Strategy, Europe; CFO in Australia; and Managing Vice President Business Services Asia Pacific. Prior to joining Pacific Life Re, Tony worked at KPMG in various roles across the UK and Australia focusing in the wealth management and insurance sectors. He held various audit and consulting roles and provided a range of services including risk, accounting and regulatory assurance. Tony has a Bachelor in Accounting from Macquarie University, is a Chartered Accountant Australia and New Zealand and holds an Executive MBA from the University of New South Wales.

Rhys Faulkner ***Chief Actuary and Chief Pricing Officer (Director) (resigned 18 April 2024)***	Rhys had been the Chief Actuary and Chief Pricing Officer since February 2020, having previously held the position of Head of Divisional Actuarial Reporting since early 2018. He resigned as a Board and Committee member on 18 April 2024 and transitioned to a new role within the group. Rhys obtained his Mathematics and Management Science Degree from the University of Manchester Institute of Science and Technology in 2001 and became a Fellow of Institute and Faculty of Actuaries in 2008.
Robert (Bob) Diefenbacher ***Executive Director (resigned on 31 January 2024)***	Bob resigned from the the Board on 31 January 2024. He had been Senior Vice President at PL Re since 2011 and was responsible for PL Re's North America retrocession business. Previously, he was Senior Vice President at Manulife Reinsurance and was responsible for sales, marketing, pricing, underwriting and administration functions for Manulife's individual life retrocession BU, which was sold to Pacific Life in 2011. He was Vice President, Head of Pricing at Employers Reinsurance for their US individual life reinsurance business from 1997 – 2004. Prior to that, he was an Actuarial Director at Sun Life of Canada, in the Individual Life Pricing and Product Development department. Bob started at Paul Revere Insurance Group in 1988, where he became a Member of the American Academy of Actuaries and Fellow of the Society of Actuaries.
Amanda Sodergren ***Independent Non-Executive Director & Board Audit Committee and Board Risk Committee Chair*** ***(Lead Director)***	Amanda joined the boards of RGBM and RIBM in September 2020. She brings with her over 30 years of experience in international insurance/reinsurance and banking with expertise in board governance, M&A, corporate restructuring and integration, enterprise risk management and global insurance regulation. She is an Independent Director of QBE Capital (Global) Ltd (formerly Equator Reinsurances Limited), where she serves as the Audit Committee Chair and a member of the Risk and Capital Committee. In 2019, she was appointed as an independent Director at OmegaCat Reinsurance Ltd and in 2017, as an Independent Director at AlphaCat Funds. In 2016, she was appointed to serve as an Independent Director and member of the Audit and Risk Committees of Hellenic Mutual War Risks Association (Bermuda) Limited and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. She joined PartnerRe Ltd in December 2000 as Associate General Counsel and from June 2004 to December 2012, she was Chief Legal Counsel and Chief Ethics Officer and, from January 2012 to December 2013, she continued serving at PartnerRe Limited as Consulting Counsel. From 2004 to 2012, she was a Director of Partner Reinsurance Company Limited. Amanda is a Fellow of the Association of Corporate and Certified Accountants and has an LLB Honours from the University of London.

Costas Miranthis ***Independent Non-Executive Director***	Costas joined the boards of RGBM and RIBM in September 2020. He has over 30 years of insurance/reinsurance experience. He is an Independent Non-Executive Director at Hiscox Ltd, Argus Group Holdings Limited and Riverstone Holdings Jersey Limited. He joined PartnerRe Limited in 2002 and held a variety of roles until he stepped down from his role as President and CEO in 2015. In 2007, Costas moved to Zurich to become CEO of PartnerRe Europe and deputy CEO of PartnerRe Global. The following year he was appointed CEO of PartnerRe Global, assuming responsibility for all the support functions of the Global BUs. In 2010 he was appointed President of PartnerRe group and nominated as group CEO with effect from 2011. Costas began his career at Tillinghast-Towers Perrin (now Willis Towers Watson). Costas is a Fellow of the Institute of Actuaries. He has an MA Economics from the University of Cambridge.
Simon Machell ***Independent Non-Executive Director (appointed 1 January 2025)***	Simon joined the board of RIBM on 1 January 2021 and RGBM on 1 January 2025. He holds the Independent Non-Executive Director role across a number of the current PL Re Division entities as listed below, and is Chair of the board of PLRA. Simon has over 30 years' of general and life insurance/reinsurance experience. He has considerable experience of setting up and running Boards, serving as a Board member, corporate restructures and M&A. He resides in Singapore. Since 2013 Simon has advised Insurers, brokers and risk managers on strategy and business improvement in Asia and Europe. Simon joined Aviva Limited in 2007 where he held the role of CEO of APAC for five years before taking on the role of CEO, Higher Growth Markets. During his time as CEO of APAC, Simon was accountable for all aspects of the Aviva business in Asia covering 10 markets, sales in excess of GBP 2 billion and oversaw teams of 12,000 people. When he took on the role of CEO of Higher Growth Markets, the portfolio included 14 markets across Asia and Eastern Europe with over GBP 2.5 billion in premiums and GBP 200m of profits. In addition, Simon served as Board Chairman and NED for seven markets. He stepped down from his role at Aviva in 2013. Prior to joining Aviva Limited, Simon spent 13 years at Norwich Union General Insurance and held a variety of roles until he stepped down from his roles as CEO. Earlier in his career, Simon held consulting, audit and finance roles at Ernst & Young and Legal & General. Simon is a qualified accountant and obtained his FCA designation (Fellow Chartered Accountant). He has a BA Honours from the University of Durham.

Kirstin Gould ***Independent Non-Executive Director***	Kirstin joined the Board of RGBM in September 2020. Formerly a General Counsel and C-Suite level executive, she has over 30 years of experience including broad international expertise in insurance and reinsurance, corporate governance, risk management, M&A, US securities law, insurance regulatory matters and compliance. Since Oct 2021, Kirstin has been an Independent Non-Executive Director at James River Group Holdings Ltd, (NASDAQ:JRVR), a Bermuda-domiciled holding company that operates a group of specialty insurance companies. She currently Chairs the JRVR Nominating and Corporate Governance Committee. Kirstin previously served as General Counsel and Corporate Secretary of XL Group from 2007 until 2018 when XL was sold to AXA. Kirstin joined XL in 2000 and served in various leadership roles during her tenure, including leading the marketing and communications function from 2007 - 2015 while concurrently serving as General Counsel from September 2007. From 2005 - 2012, Kirstin served as Policy Committee Chair of the Association of Insurers and Reinsurers (ABIR) which is a trade association of international property and casualty insurers and reinsurers. She is also the founder of Harrington Advisors LLC, a consulting company focused on strategic advice including M&A, corporate governance and insurance regulatory matters. Kirstin began her career in private practice, first at Dewey Ballantine in New York and then Clifford Chance in New York and London. She earned her BA from SUNY Albany and her JD from SUNY Buffalo.

Jason (Jay) Orlandi ***Non-Executive Director (resigned on 1 January 2025)***	Jay serves as Executive Vice President and General Counsel at Pacific Life where he leads the Law, Compliance, Government & Policy Affairs and Corporate Secretariat functions globally, as well as the Company's Corporate Affairs functions, including Communications & Public Affairs, Brand & Advertising, Corporate Social Responsibility, Crisis Management, Community Relations, and Facilities. Jay also co-leads the Company's enterprise Strategy function, is a member of the Pacific Life Management Committee and Enterprise Risk Committee, and serves on the Boards of Directors of Pacific Life Insurance Company, Pacific LifeCorp., the Pacific Life Foundation, Pacific Life Re International Ltd., and Pacific Life Re Global Ltd. Prior to joining Pacific Life in 2020, Jay served as Executive Vice President and Chief Operating Officer at Transamerica where he was responsible for all business support functions, including law and compliance, communications and public affairs, human resources, corporate development, strategy, enterprise technology, data and analytics, information security, and marketing. Jay served for several years as Transamerica's General Counsel and Chief Legal Officer. He also served as the acting CEO for the company's Individual Solutions business including life and long-term care insurance, fixed and variable annuities, and mutual funds. He was a member of the Board of the Transamerica Venture Fund and Chaired the Boards of the Transamerica Foundation and the Transamerica Institute.
Vibhu Sharma ***Non-Executive Director & Remuneration Committee Chair (appointed as Remuneration Committee Chair 1 January 2025)***	Vibhu is Executive Vice President and CFO of Pacific Life where he is responsible for the development and implementation of Pacific Life's corporate and financial strategies. Vibhu also has oversight for the Workforce Benefits Division. He oversees the actuarial, corporate finance, internal audit, and business development functions. Vibhu serves on Pacific Life's management committee. Prior to joining Pacific Life in 2022, Vibhu was executive vice president, CFO and treasurer of Thrivent and Mutual of Omaha, respectively. Before that, he served in several global leadership roles at Zurich Insurance Group (CFO of Zurich in North America, Group Controller, Group CFO Ad Interim and CEO of the UK) and the reinsurance firm Collins Associates. Vibhu started his career at KPMG, eventually rising to the role of partner while serving insurance companies in the U.S. and globally.

Figure 11 - Professional qualifications and skills of the Board and Senior Executives

B.3 Risk management and solvency

Risk Management Process

The Division Risk Management Framework describes the overall approach, principles and processes employed by the Company in relation to risk management. In particular, it describes the methods used for identifying, recording, mitigating and controlling, monitoring, and measuring/reporting on risks that arise in the course of business activities.

The Company operates a three lines of defence risk management model, where the first line comprises all departments other than the risk management and internal audit functions. Each department's role in the first line of defence is to prudently manage risks arising within its day-to-day activities. This includes the identification and assessment of risk and the design and implementation of appropriate controls. The majority of risk management activities are conducted by the first line of defence. The second line of defence comprises the risk management function, and the third line of defence is the internal audit function.

Risk identification for the Division is carried out through a variety of means. All material risks are recorded in the Division Risk Register. Various activities contribute to keep the risk assessments up to date. The Division Risk Management Committee (DRMC) review the emerging risk reviews that are conducted periodically by the Divisional Risk function. Economic Capital (EC) assumptions, methodologies and results are also reviewed periodically.

The Company internally measures each quantifiable risk exposure by assessing the EC required to withstand a 1 in 200 level adverse event. The results of this assessment are captured in the CISSA process and reported to the BRC. Non quantifiable risks are measured qualitatively by considering their potential impact on the reputation or operations of the Company alongside the likelihood of occurrence. The measurement of risks takes into account both capital and liquidity impacts.

Risk reporting is carried out via the relevant MI. The purpose of MI is to enable management to assess the evolving nature of exposure to identified risks and to monitor the effectiveness of related controls. The MI packs capture metrics within each risk category with predefined thresholds designed to provide early warning of emerging issues and to drive corrective actions. Risk MI packs are produced on a quarterly basis at Division level for review by the DRMC and at legal entity level for review by BRC.

Risk management and solvency self-assessment systems implementation

The Company's risk management framework is integrated into its operations, through the risk policies and procedures, risk reporting systems and related controls. Risk reporting systems include the Division Risk Register and Risk MI. DRMC owns the Division Risk Register and conducts an annual review to ascertain whether the appropriate risks are included, that their ratings are correct, and the appropriate level of attention is being devoted to the most material risks. The internal control framework considers the risks in all the key processes and ensures that they are understood, managed and reported in line with the risk management framework requirements. The risk management policies for the Company have been approved by the Board.

The CISSA is performed by using an internal EC model. The EC model also underpins the annual business planning process. The Company's CISSA report documents the assessment of the solvency needs and is reviewed by the Board as part of the process. This assessment considers the needs over a five-year time horizon and includes a review of the solvency needs under a base scenario and also a range of scenarios that are relevant to the business.

The solvency position and liquidity position are monitored by the DRMC and the Board on a quarterly basis on both an EC basis and the BMA basis. The EC model is subject to strict model governance and change control process which is set out in the Division EC Model Governance and Change Policy. This Policy helps to ensure that the integrity of the EC model is not compromised by changes made to the models and that the model continues to produce reliable, accurate and relevant information.

The Internal Control Framework, in section B.4 considers the risks in all the key processes and ensures they are understood, managed and reported in line with the risk management framework requirements.

Relationship between the solvency self-assessment, solvency needs & capital, and risk management

The Company's CISSA process captures the business plan and the quality and quantity of capital needed to support this plan over a five-year time horizon under base and stress scenarios. It also captures a description of the key risks the Company is facing and the plans to mitigate these risks.

The CISSA is performed on at least an annual basis. Interim CISSA will be carried out whenever there is a significant change in risk profile.

Level of oversight and independent verification by the Board and Senior Execs

The CRO is responsible for ensuring that results and conclusions regarding each CISSA are communicated to relevant staff.

The CISSA is owned and produced by the CRO and Risk Management team which is the second line of defence. The Actuarial and Finance teams provide input into the process, and they form part of the first line of defence. There is periodic review of the process by Internal Audit who form the third line of defence. Where deemed necessary, inputs prepared by the first line are subject to internal review by someone within the team other than the person who carried out the work. The second line then carry out a review of the inputs before including them in the assessment.

The CISSA is reviewed by senior management, including the CFO and the Chief Actuary before submission to the Board for review. BRC members carry out a review of the CISSA following senior management review.

Senior management take the results of the CISSA, and the insights gained from it, into account in the design and implementation of the system of governance, including capital management, business planning and product development and design. The Board takes the results of the CISSA into account in overseeing the Company's system of risk governance.

B.4 Internal Controls

The Company has adopted the Division Operational Risk Management Framework in order to ensure a consistent internal control system across the Division. The Division Operational Risk Management Framework requires that internal controls are in place to mitigate the likelihood/severity of manifestation of operational risks related to all material processes and that such controls are adequately documented and operational. The Division Operational Risk Management Framework sets out:

- The responsibilities of each individual to whom a process has been allocated;
- The requirements for documenting controls;
- Requirements for ongoing accuracy and completeness of the process controls;
- The process for changing a control; and
- The process for reviewing controls.

The Pacific Life Group has established a Risk and Control Self-Assessment (RCSA) framework for management of process related operational risks. This framework is underpinned by a bottom-up, internal control framework which captures all material business processes across the Division. Under the RCSA framework the processes within the internal control framework are periodically assessed using a risk based approach which considers the likelihood and impact of operational events (a) on the assumption that no controls are in place and (b) based on controls that are actually in place i.e. on both an inherent & residual risk basis. The RCSAs record controls that are relevant to each process and MI that is used as a Key Risk Indicator to monitor the risk.

Compliance Function

The Company adheres to the Division's Compliance Function Policy, which lists the following objectives:

- to develop, implement and enforce policies, procedures and standards;
- inform and train employees about applicable legal, regulatory, policy, ethical requirements and standards;
- monitor and assess compliance processes, systems and controls;
- detect and respond appropriately to a violation of law, regulation, policy or ethical standard; and
- take appropriate steps to prevent the recurrence of any such violation.

The Company is engaged solely in reinsurance and retrocession business and is not therefore directly subject to material conduct of business regulation. Therefore, its compliance requirements are predominantly prudential insurance regulations and generally applicable legal and regulatory requirements.

The compliance function comprises all members of the Division's Legal Department. Overall responsibility for the compliance function within PL Re rests with the Division General Counsel and, subject to oversight from the CRO, aspects of the compliance function are outsourced by RGBM to PLRS pursuant to an intra-group services agreement (see Section B.7 below).

The Division General Counsel is also a member of Pacific Life's Compliance Committee which comprises the Group Chief Compliance Officer and senior compliance officers from each of Pacific Life's divisions. Pacific Life's Compliance Committee oversees compliance activities across the wider Pacific Life Group.

The Division General Counsel has responsibility for the Bermuda entities' compliance function, including ultimate responsibility for compliance in RIBM and RGBM and in respect of operations in Bermuda. The Divisional legal team support the Division General Counsel in discharging this responsibility. Further, the lawyer responsible for overseeing compliance in PLRA reports to the Division General Counsel.

B.5 Internal Audit

Overall responsibility for the internal audit function rests with the PL Re Division Head of Internal Audit, who, in order to maintain independence has a reporting line to Pacific Life's Head of Internal Audit. Internal audit provides independent, risk-based and objective assurance, advice, and insight regarding the effectiveness and efficiency of risk management, control, and governance processes to enhance and protect organisational value. An annual audit plan is reviewed and approved by the Audit Committee. The Head of Internal Audit is invited to present reports, including an overall judgement of the function's activities, at the Audit Committee. Where relevant, non-financial matters will be reported to the Board Risk Committee or Board.

B.6 Actuarial Function

Overall responsibility for the actuarial function rests with the Chief Actuary and Chief Pricing Officer. The actuarial function is responsible for:

- the calculation of technical provisions, including assessing the adequacy of methodologies and assumptions and quality of the underlying data;
- assisting in the execution of the risk management framework, particularly as it relates to modelling policyholder liabilities and capital requirements;
- assisting the pricing and product design process, and inputting to the design of risk transfer mechanisms where appropriate (e.g. retrocession); and
- providing input and challenge on the appropriateness of assumptions, based on analysis of past experience against expectations and expectations of future experience.

The Approved Actuary (AA) of the Company is Kelvin Lam of Deloitte. The AA is responsible for opining on the reasonableness of the technical provisions.

B.7 Outsourcing

Description of the outsourcing policy and information on any key or important functions that have been outsourced

The Company has adopted the Division's Third Party Risk Management Policy, the purpose of which is to ensure that:

- decisions regarding outsourcing are made in an appropriate and consistent manner;
- outsourcing arrangements are appropriately documented, managed and controlled; and
- relevant approvals and/or notifications are sought internally and from relevant regulators.

The Policy sets out the review and authorisation process that must be undertaken for third party and outsourcing agreements. This process includes carrying out a risk assessment and due diligence on prospective service providers (including intra-group), in addition to periodic reviews and assessments to manage existing service arrangements. Any outsourcing by the Company is carried out in accordance with the provisions of the Insurance Act 1978 and the Insurance Code of Conduct.

The Division's philosophy in relation to outsourcing outside the Pacific Life Group is only to outsource non-core functions, and only where this can provide better value for money or enhanced service. Intra-group outsourcing is chosen over external outsourcing where this is possible and provides better economy of scale for the Pacific Life Group and/or the Division.

Material intra-group outsourcing

A summary of RGBM's and RIBM's material intra-group outsourcing arrangements are set out in the table below:

Group Supplier	Description of material outsourcing	Jurisdiction
Pacific Life Services Bermuda Limited (RSBM)	Intra-group agreement with RSBM for the provision of staff and general office services in Bermuda, executives, finance and treasury, risk and internal audit support, actuarial oversight and IT network services.	Bermuda
Pacific Life Re Services Limited (PLRS)	Intra-group agreements with PLRS for the provision of (i) certain Division support services including IT network services, finance and treasury, actuarial reporting support, legal, compliance and risk; and (ii) services for RIBM's branches, particularly RIBM's UK Branch for which it provides staff and general office services in the UK.	UK
Pacific Services Canada Limited (PSCL)	Intra-group agreement with PSCL for the provision of (i) services including finance and treasury, actuarial reporting support and operations and (ii) certain Division support services including finance and treasury, and actuarial reporting support.	Canada
Pacific Life Insurance Company (PLIC)	Intra-group agreement with PLIC for the provision of investment management services, IT, Information Security and Internal Audit (via PLRS)	USA (Nebraska)
Pacific Life Re Services Singapore Pte. Limited (RSSG)	Intra-group agreement with RSSG for the provision of services for RIBM and RIBM's Singapore Branch.	Singapore

Figure 12 - The material outsourcing of RGBM.

Asset liability management (ALM), investment policy and liquidity management function

The Division Investment Committee (DIV-IC) is responsible for monitoring the performance and management of investments & portfolios, including against ALM targets. Each investment portfolio has its own objectives which are defined in the relevant investment guidelines presented to the relevant investment manager. PLRA maintains a separate investment committee under its requirements.

The Savings and Retirement Assets and Liabilities Committee (S&R ALCO) is responsible for managing ALM and operational liquidity relating to Savings & Retirement portfolios, oversight and decision-making for client collateral portfolios and new hedge/ investment structures. The S&R ALCO shall escalate matters to DIV-IC.

B.8 Any other material information

The material aspects of the Company's system of governance are summarised in sections B.1 to B.8 above.

C Risk profile

C. Risk Profile

As at 31 December 2024, the Company's in-force portfolio consisted of protection reinsurance, protection retrocession business, longevity swap, longevity funded reinsurance and capital solutions business. The protection business consists of mortality and morbidity risks written through branches in the UK, Canada, Singapore and Korea, as well as protection reinsurance of both retail insurance products and insurance provided through large pension funds (group insurance) written in Australia. The longevity swap and funded reinsurance comprises business written across the UK, Netherlands, Japan, and North America, as well as the reinsurance arrangement of Pension Risk Transfer (PRT) business from PLIC into RGBM.

In line with the Company's Risk Strategy, this primarily results in preferred insurance risks (longevity, mortality and morbidity) and credit risk being written. Insurance business is subject to management risk appetites and limits set out in the Division Insurance Risk Policy.

C.1 Material risks that the insurer is exposed to

Risks are measured using both the BMA regulatory basis and an internal economic capital (EC) basis whenever quantifiable.

The Company is exposed to a number of material risk categories:

- Insurance risk: includes longevity, mortality, morbidity, persistency;
- Market risk: includes interest rate, currency, equity, credit spreads, property prices;
- Counterparty risk;
- Operational risk: includes strategic, reputation, IT including cyber, regulatory, legal;
- Liquidity risk; and
- Group risk

The table below sets the description of each risk as well as the key provisions in the related Risk Management Policy to prudently manage these risks.

Risk	Risk Policy Provisions to Manage Risks
Insurance Risk The risk of financial loss arising from fluctuations in the timing, frequency and severity of insured events, including the rate at which in-force business lapses Key Insurance risk includes: • Longevity • Mortality • Morbidity • Disability • Persistency	Insurance Risk Policy contains methods for identifying, assessing, monitoring and controlling. Key provisions include: a) Insurance risk appetite limits which limit exposure to individual events by setting maximum limits per life in reinsurance treaties and setting up retrocession arrangements to manage the risk of cessions on the same lives from different sources. These include: i) Retention limits by territory and legal entity ii) Minimum Target Pricing Returns iii) Geographic concentration limits b) Risk assessment (new business treaty reviews) c) Valuation - R&D teams carry out internal experience analyses d) Monitoring - The DRMC is responsible for monitoring exposure to insurance risks and the effectiveness of insurance risk controls. Risk MI is reviewed on a quarterly basis by the Risk Management Committees.

Market Risk The risk of loss or adverse fluctuation in the value of the Company's liabilities and invested assets as a result of movements in interest rates, inflation rates or exchange rates. Key risks include: Interest rate, exchange rate, credit spread, property prices, equity	Market Risk Policy contains methods for identifying, assessing, monitoring and controlling. Key provisions include: a) Investment guidelines b) Minimise exposure to both interest rate, inflation rate and exchange rate fluctuations through its asset/liability matching management processes which are documented within the investment guidelines c) Investment Committee oversight d) Valuation procedures and target duration for liabilities e) New business market risk assessment f) Monitoring - asset/liability matching by duration and currency
Counterparty Risk The risk of financial loss arising from the failure of another party to perform its financial obligations to the firm, including failing to perform them in a timely manner	Counterparty Risk Policy contains methods for identifying, assessing, monitoring and controlling. Key provisions include: a) Counterparty limits by credit rating b) Collateral and reset arrangements - the Company requires specific terms c) Investment guidelines d) Letters of Credit e) Internal retrocession f) Legal entity credit rating g) Annual assessment of exposure to individual counterparties h) Monitoring – exposure limits, quarterly monitoring
Operational Risk The risk of loss resulting from inadequate or failed internal processes and controls, people, systems, or external events including legal and compliance risk. Losses include financial loss, reputational damage or business interruption. Key operational risks include: • Reputation • Model Risk • IT • Cyber • Continuity • Legal • Third Party & Outsourcing	Operational Risk Management Framework contains methods for identifying, assessing, monitoring and controlling. Key provisions include: a) Risk and control self-assessments b) Operational event reporting c) Monitoring via operational Risk MI d) Legal – appropriate contractual terms e) Control frameworks and associated policies for IT, third party risk management, financial reporting, model risk & assumptions, and incident & business continuity. f) Oversight/monitoring is provided by committees and Board including the Division Risk Management Committee (DRMC) who reports on operational and model risk matters to PL Enterprise Operational Risk Committee, Risk Management Committees, and entity Board.

Liquidity Risk The risk of financial distress as a result of a sudden increase in the need for liquid assets to meet contractual obligations. Ultimately liquidity risk could result in insolvency from having insufficient liquid resources to meet obligations as they fall due.	Liquidity Risk Policy contains methods for identifying, assessing, monitoring and controlling. Key provisions include: a) Liquidity risk strategy to hold sufficient liquid assets to cover payment obligations under stressed scenarios which are evaluated annually. The maintenance of a buffer of available liquid assets over stressed payment obligations mitigates liquidity risk in lieu of holding additional capital. b) The core liquidity risk metric measures the coverage ratio of liquid assets over obligations at a 99.5% confidence interval over a 1-year period. c) Monitoring via Risk MI.
Group Risk The risk of loss arising from membership of the Pacific Life group. This risk may manifest itself through default on intra-group retrocession, failure to provide agreed services, or a negative impact on the creditworthiness of PL Re carriers.	Group Risk Policy contains methods for identifying, assessing, monitoring and controlling. Key provisions include: a) Maintaining an appropriate level of capital remaining in the entity post default on all intra-group retrocession and arrangements b) Clear documentation of all intra-group outsourcing c) Monitoring via Risk MI

Figure 13 - Summary of material risks and mitigants.

C.2 Mitigation of risk – methods used and the process to monitor the effectiveness

See section C.1 above.

C.3 Material risk concentration

There are no significant exposures to concentration risk within the Company; all material risks were within risk appetite during the year.

C.4 Asset investments – prudent person principle

The Company's market risk strategy is guided by the prudent person principle as specified in paragraph 5.1.2 of the BMA Insurance Code of Conduct, in that the Company only invests in assets and instruments the risks of which can properly be identified, measured, monitored, managed and controlled. Exposures to counterparty concentrations are managed through defined limits and ratings.

The Company invests its portfolio of assets according to prudent person principle restrictions identified in its investment guidelines. These are designed to promote the liquidity, security and quality of the portfolio. The returns of such assets are assessed in relation to their risk via the associated capital charges.

The Company has Investment Guidelines to ensure its investment portfolio is aligned with business strategy and liabilities. As of FY24, the only permitted investments are investment-grade fixed-income securities, short-term deposits, derivatives, structured assets, mortgage loans and equity investment. Acquisition of property, commodities, hedge funds and non-investment grade securities are expressly excluded as at FY24.

C.5 Outcome of stress testing and sensitivity testing results

The Company conducts regular stress and scenario tests. The stresses and scenarios carried out as part of the CISSA process covering the most material insurance and market risks. The stresses are carried out looking at the impact of a move in one or a small number of risk factors over a one-year time horizon.

The main stresses and scenarios include:

- Cancer Cure scenario – the solvency position is tested for cancer cure through a deterministic scenario based on cure for all cancers.
- Pandemic plus market risk scenario – the solvency position is tested for a pandemic resulting in a spike in mortality claims and the offsetting impact on longevity business calibrated as a 1-in-200 stress.
- Combined mortality and morbidity stress – the solvency position is tested for a 5% increase in the mortality and morbidity rates.
- A range of market sensitivities and scenarios considering movements in interest rates, credit spreads and credit ratings downgrade.
- Climate change scenario - the solvency position is tested for the physical effects of temperature increases.

In all stress and scenario tests, the capital ratios on both the EC and BMA bases are at or above the applicable target operating range as of Q4 2024.

C.6 Any other material information

The material risks outlined in C.1 will remain the same, however the magnitude of the risks may change. Future development of the funded reinsurance line of business is expected to grow and with it the associated market risks.

D Valuation for Solvency Purposes

D. Valuation for Solvency Purposes

The bases, methods and main assumptions used for the valuation of the Company's assets, technical provisions and other liabilities are consistent with the BMA rules.

Valuation policies have been chosen to reflect quoted prices and, where these are not available, other data from active markets for the same or similar items has been used. In a minority of cases, due to the absence of either quoted prices or other data from an active market, other valuation techniques are applied to the assets and other liabilities.

Section D contains the Company's consolidated financial information, unless stated otherwise.

D.1 Bases, methods and main assumptions used for the valuation for solvency purposes for each material class of asset

The table below shows the EBS value of each material class of asset for the Company as at 31 December 2024 and 2023. In the sections following the table, further details are provided for the material EBS classes of asset.

	EBS 2024	EBS 2023
	$'000	$'000
Cash And Cash Equivalents	1,469,531	520,573
Quoted Investments	4,715,688	3,384,299
Unquoted Investments	29,790	—
Mortgage Loans	213,111	—
Investment Income Due And Accrued	50,893	32,354
Accounts And Premiums Receivable	636,383	761,417
Reinsurance Balances Receivable	95,152	68,171
Deferred Tax Asset	87,987	103,955
Other Assets	953,328	88,243
Total Assets	**8,251,863**	**4,959,012**

Figure 14 - Summary of assets.

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

The EBS measurement basis for cash and cash equivalents is fair value in line with US GAAP, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of cash and cash equivalents and due to the low risk of loss, based on the credit ratings of the relevant counterparties.

Investments

The EBS measurement basis for quoted investments is fair value, on initial recognition and subsequently, with changes in fair value recognised in other comprehensive income. This measurement basis is consistent with the Company's investment and risk management strategy to manage its financial investments on a fair value basis.

Unquoted investments consist of private equity. The measurement basis for private equity is fair value and any changes in fair value are recognised in net income. This uses the practical expedient in ASC 820 to estimate the fair value using the NAV per share (or its equivalent, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed).

Mortgage Loans consists of investment in Lifetime Mortgages (LTMs). The EBS measurement basis for investments in LTMs is fair value with any change in fair value recognized in net income.

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the assets, measured at their fair values.

As at the end of the period, all financial investments were modelled with significant observable market inputs.

Investment income due and accrued

This relates to investment income earned but not received on the financial investments.

The EBS measurement basis is fair value.

Accounts and premiums receivable

Accounts and premium receivable relate to assumed business and consist of premium and other receivables.

The EBS measurement basis for accounts and premium receivables is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of insurance and intermediaries' receivables and due to the low risk of counterparty default based on low historic default experience and credit ratings.

Reinsurance balances receivable

Reinsurance balances receivables relate to outwards business (including affiliates) and consist of collateral balances receivable.

The EBS measurement basis for reinsurance receivables is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of reinsurance receivables and due to the low risk of counterparty default based on counterparty credit ratings.

Other assets

Deferred acquisition costs, value of business acquired and prepayments

The EBS measurement basis for deferred acquisition costs is nil as it is implicitly included in the premium provisions valuation. The EBS measurement basis for value of business acquired is nil. The EBS measurement basis for prepayments is nil as they cannot be utilised to pay policyholders.

Sundry assets

Sundry assets relate to receivables on the balance sheet which are not attributable to (re)insurance operations.

The EBS measurement basis for sundry assets is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of receivables (all are due within 12 months) and due to the low risk of counterparty default.

Property, plant and equipment

Property, plant and equipment held for own use consists of computer equipment, fixtures and fittings and leasehold improvements.

The EBS measurement basis for property, plant and equipment held for own use is fair value, which is approximated by cost less accumulated depreciation and impairment where it has been demonstrated that the difference between fair value and cost is not material.

Based on the materiality threshold, an assessment will be performed at each balance sheet date to determine whether adjustments are necessary to bring the carrying value of property, plant and equipment held for own use under US GAAP to fair value under EBS.

Funds Held by Ceding Reinsurers

Funds Held by Ceding Reinsurers relate to inwards business for the protection line of business (consists of premiums held by cedants in order to cover future claims), longevity reinsurance business (consists of collateral balances in favour of cedants) and coinsurance funds withheld for a reinsurance agreement with

PLIC. The reinsurance contract gives rise to an embedded derivative because the credit and interest rate risk exposures are not clearly and closely related to the creditworthiness of the ceding entity (PLIC).

The EBS measurement basis for deposits with cedants is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of the deposits with cedants asset and due to the low risk of loss as a consequence of an offsetting liability with the same counterparty.

D.2 Bases, assumptions and methods used to derive the value of technical provisions and the amount of the best estimate.

In the sections following the table below, further details are provided in relation to the assumptions and methodology for the best estimate liability (BEL) and risk margin components of technical provisions, including the Scenario Based Approach (SBA), calculated in line with the EBS valuation principles, as defined in the BMA's Group Prudential Standards and Guidance Note for Commercial Insurers and Groups (dated 30 November 2016).

	EBS 2024	EBS 2023
	$'000	$'000
Gross long-term business insurance provisions	1,866,101	(651,264)
Less: Reinsurance Recoverables	2,385,221	2,147,072
Risk margin	500,873	485,619
Total long-term insurance business technical provisions	**4,752,195**	**1,981,427**

Figure 15 - Summary of technical provisions

Methodology applied in deriving the technical provisions

The value of technical provisions consists largely of BEL and risk margin.

Technical provisions valuation methodology

The BEL is future cash outflows taking into account the time value of money using the relevant currency-specific and term-dependent discount rate. The calculation of the BEL is based on up-to-date and credible information and on realistic assumptions, and it is performed using applicable actuarial and statistical methods. The cash flow projection used in the calculation of the BEL includes all cash inflows and outflows required to settle the insurance and reinsurance obligations over the lifetime thereof. The best estimate is calculated gross of the amounts recoverable from reinsurance contracts, which are calculated separately.

The risk margin is calculated so as to ensure that the value of technical provisions is equal to the amount that insurance and reinsurance undertakings would require in order to acquire the business and meet the ensuing insurance and reinsurance obligations. It is based on the principle of allowing for the cost of holding capital to support risks which cannot be readily hedged.

The risk margin is calculated as the present value of the projected BSCR for non-hedgeable risks (insurance risks, operational risk, expense risk and counterparty default risk) multiplied by the assumed cost of capital rate. This is calculated on a total company basis, allowing for diversification between lines of business.

Key assumptions in deriving the technical provisions

This section covers key assumptions used to derive the BEL component of the technical provisions of the Company.

Relevant term-dependent discount rate applied in deriving the technical provisions

Technical provisions for the majority of the business (excluding funded reinsurance business which is covered below) are discounted using currency-specific risk-free discount rate term structures with an appropriate illiquidity adjustment, calculated using methodology consistent with that of the rates published by the BMA. For currencies where the BMA does not publish discount rates, risk-free discount rates calculated using methodology similar to that of the rates published by EIOPA are used.

For funded reinsurance business that is written directly into RIBM, a Scenario-Based Approach is used for discounting cash flows in the valuation of technical provisions. Under this approach, the BMA prescribes eight interest rate scenarios intended to adjust for any mismatch between asset and liability cashflows, with the most onerous scenario being used for the calculation of the liabilities.

Note that for the purposes of calculating the risk margin, whilst pre-diversified capital amounts are calculated using the risk-free discount rate term structures with an illiquidity adjustment, the cost of capital amounts are discounted using the risk-free discount rates without illiquidity adjustment.

Policy expenses

Maintenance expense loadings are typically based on the expense assumptions adopted as part of the annual business planning process.

Investment-related expenses

Investment-related expenses largely comprise investment management fees but also include other expenses such as custodian fees and accounting fees. The expected expense cash flows are projected into the future and are discounted to the reference date. The expenses reflect the expected fees associated with holding an asset portfolio sufficient to meet the projected future liabilities and capital requirements.

Other non-economic assumptions

For the purpose of calculating technical provisions, assumptions are used for lapses, mortality and morbidity. The best estimate assumptions for treaties are based on the assumptions used when the business was originally priced, adjusted for experience emerging over time. Pricing assumptions are based on the Terms of Trade assumptions, adjusted for treaty-specific experience.

Experience analyses are generally carried out annually for treaties where sufficient volumes of data are available.

Contract boundaries

The boundary for any given contract is determined in accordance with the BMA's Group Prudential Standards, suitably adjusted to reflect practical considerations where appropriate. No cashflows after the contract boundary are included in the valuation of technical provisions or the BSCR.

Uncertainty associated with the value of technical provisions

Cashflow projections are performed on a deterministic as opposed to a stochastic basis. The assumptions underlying the deterministic cashflows reflect the Company management's best estimate of future experience, reflecting the underlying data as well as the judgment of management. These estimates therefore include an inherent level of uncertainty.

D.3 Recoverables from reinsurance contracts

The Company retrocedes a portion of its business to external parties as well as an affiliate.

The calculation of the reinsurance recoverable asset is consistent with the calculation of BEL described in section D.2. If deemed material, an adjustment is also made for expected losses due to default of the counterparty, which is based on an assessment of the probability of default of the counterparty and of the average loss resulting therefrom.

D.4 Bases, methods and main assumptions used for the valuation for solvency purposes for each material class of other liabilities.

The table below shows the EBS value of each material class of other liabilities for the Company as at 31 December 2024 and 2023. In the sections following the table, further details are provided for the material EBS classes of other liabilities.

	EBS 2024	EBS 2023
	$'000	$'000
Insurance and reinsurance balances payable	359,569	162,844
Commission, expenses, fees and taxes payable	70,125	81,406
Loan and notes payable	114,811	106,406
Tax liabilities	399,945	370,312
Amounts due to affiliates	201,629	11,997
Accounts payable and accrued liabilities	15,545	17,516
Funds held under reinsurance contracts	241,948	253,208
Sundry liabilities	74,095	22,291
Total other liabilities	**1,477,667**	**1,025,980**

Figure 16 - Summary of other liabilities

Insurance and reinsurance balances payables

Insurance balances payable relate to assumed insurance business past due at the balance sheet date and consist of deposits and advances from cedants.

Reinsurance balances payable relate to ceded business past due at the balance sheet date and consist of amounts payable to cedants and retrocessionaires.

The EBS measurement basis for insurance and reinsurance payables is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of insurance and intermediaries' payables.

Commission, expenses, fees and taxes payable

The majority of the balance relates to commission payable on assumed business past due at the balance sheet date.

The EBS measurement basis for commission, expenses, fees and taxes payables is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of insurance and intermediaries' payables.

Loan and notes payable

Loan and notes payable relate to debts, such as mortgages and loans, owed to credit institutions, and bank overdrafts, but excludes subordinated liabilities. Debts owed to credit institutions consist of principal and interest payable.

The EBS measurement basis for loans and notes payable is fair value, which is approximated by amortised cost.

Tax liabilities

Current tax liabilities are measured at the amounts expected to be paid to the tax authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The EBS measurement basis for current tax liabilities is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of the liabilities.

Deferred tax assets and liabilities are recognised in relation to the difference between the EBS value of assets and liabilities and the amount of those assets and liabilities for tax purposes. Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, in respect of all temporary differences that have originated but not been reversed at the reporting date. Deferred tax assets are recognised only to the extent that management considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Amounts due to affiliates

These relate to non-(re)insurance payables, including loan and notes payable, and consist of intra-group payables with Pacific Life group companies outside of the Company.

The EBS measurement basis for amounts due to affiliates is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of the liabilities.

Accounts payable and accrued liabilities

These relate to non-(re)insurance payables and consist of trade payables.

The EBS measurement basis for accounts payable and accrued liabilities is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of the liabilities.

Funds held under reinsurance contracts

These relate to outwards business and consist of collateral balances from retrocessionaires.

The EBS measurement basis for funds held under reinsurance is fair value, which is approximated by amortised cost using the effective interest method. This is a reasonable approximation due to the short-term nature of collateral balances from retrocessionaires.

Sundry liabilities

These relate to derivative instruments to manage exposure to foreign currency risk, other liabilities which are not attributable to (re)insurance operations.

The EBS measurement basis for derivatives is fair value.

Any other liabilities, not shown elsewhere

Material contingent liabilities are included in the EBS at fair value on a best estimate cashflow basis. This method recognises the expected present value of future cashflows required to settle the contingent liability over the lifetime, using the basic risk-free interest rate term structure.

There are no contingent liabilities as at the end of the period.

D.5 Any other material information

For the year ended 31 December 2024, there is no other material information regarding solvency valuation required to be disclosed for the purposes of this FCR.

E Capital Management

E. Capital Management

Overview

The Company's objectives in managing capital are:

- To maintain financial strength and allocate capital efficiently to support new business growth;
- To satisfy the requirements of policyholders, shareholders, regulators and rating agencies; and
- To ensure that assets held are of appropriate quality.

E.1 Eligible Capital

Capital Management Policy

The Company has an overarching capital management process to ensure an appropriate level and form of capital is held. The Company's capital is benchmarked against its projected risk exposures to ensure that it is adequate to support planned business operations as well as certain stressed loss events. The form of the capital is designed to provide a balance between security, flexibility and liquidity.

The Company is required to hold sufficient capital to meet BMA regulatory requirements. The Company holds sufficient capital to meet its minimum regulatory requirement as defined under the Insurance Act. The Company's Capital Management Policy (CMP) states that the Company will hold capital sufficient to meet the higher of EC requirements and the minimum BSCR, including an additional solvency buffer. The buffer is held to ensure that minimum regulatory requirements continue to be met in most normal circumstances. The buffers have been approved by the Board.

A regulatory solvency ratio, which is the ratio of eligible capital resources to BSCR, is used to report the Company's solvency position to the BMA on a quarterly basis, in accordance with the BMA regime. There are appropriate levels of management activity, and oversight from the Risk team and the Board to ensure appropriate capital levels are managed and maintained. In particular:

- The solvency ratio for the Company is monitored on a regular basis using three levels of triggers to determine when additional capital or other action is required.
- The Company's medium-term capital management plan for five years is set out in the annual CISSA. This enables the Board to understand the likely future solvency position and capital needs of the Company. The plan includes:
    - A A projection of the regulatory and EC solvency position over at least the next 5 years, including the impact of sensitivities; and
    - B Discussion of the sources and quality of capital.

Remedial actions will be considered if any of the solvency monitoring triggers are breached. The main considerations are listed below

- Capital injection from PLC;
- Increased external retrocession;
- Review investment strategy; and
- Reduction to new business volumes, closure to new business or seeking cedants recapture of existing treaties.

The action to be taken will depend on which trigger(s) has been breached, the extent of the shortfall and the anticipated development of the solvency position over the subsequent months.

Eligible capital categorised by tiers

The Company's available capital comprises the sum of Tier 1 and Tier 2 capital.

Capital Tier's	EBS 2024 $'000	EBS 2023 $'000
Tier 1 available capital	1,708,877	1,569,312
Tier 2 available capital	309,945	382,294
Total available capital	**2,018,822**	**1,951,605**

Figure 17 - Summary of available capital.

Tier 1 available capital
The table below shows the Company's Tier 1 available capital.

Tier 1 Classes	EBS 2024 $'000	EBS 2023 $'000
Fully paid common shares	1,250	1,250
Contributed surplus or share premium	1,431,202	1,449,554
Statutory economic surplus	589,549	500,802
Excess encumbered assets transferred to Tier 2	(309,945)	(382,294)
Encumbered Assets not Securing policyholder obligations	(3,179)	0
Total Tier 1 available capital	**1,708,877**	**1,569,312**

Figure 18 - Summary of Tier 1 available capital.

Fully paid common shares

RGBM's share capital is fully paid up as at the end of the period.

Contributed surplus or share premium

This relates to additional paid-in capital including capital funding contributions less capital distributions. RGBM distributed $18.5 million to PLRH LLC in 2024.

Statutory economic surplus

Statutory economic surplus comprises retained earnings, the foreign currency translation reserve and other reserves.

Excess encumbered assets transferred to Tier 2

The transfer from Tier 1 to Tier 2 capital is to reflect any excess of encumbered assets.

The BMA rules stipulate an assessment to determine if there is any excess of encumbered assets over the policyholder obligations, capital requirement for encumbered assets and capital requirement for the policyholder obligations. Any excess would be included in a calculation to determine a transfer from Tier 1 to Tier 2.

Tier 2 available capital
This relates to the excess encumbered assets transferred from Tier 1.

Tier 3 available capital
RGBM has no Tier 3 capital during the year ended 31 December 2024 (2023: nil).

Eligible capital used to meet Enhanced Capital Requirements and the Minimum Margin of Solvency

The available capital to cover the ECR is subject to quantitative limits. The following table shows the eligible capital to cover ECR and MSM. The full available capital is eligible to meet the MSM and ECR.

	2024				
Eligible Capital $'000	**Limits**	**MSM**	**ECR**	**Applied to MSM**	**Applied to ECR**
Tier 1 capital	Min	80%	50%	1,708,877	1,708,877
Tier 2 capital	Max	25%	50%	309,945	309,945
Total				**2,018,822**	**2,018,822**

	2023				
Eligible Capital $'000	**Limits**	**MSM**	**ECR**	**Applied to MSM**	**Applied to ECR**
Tier 1 capital	Min	80%	50%	1,569,312	1,569,312
Tier 2 capital	Max	25%	50%	382,294	382,294
Total				**1,951,605**	**1,951,605**

Figure 19 - Summary of eligible capital.

Eligible capital to cover the transitional arrangements

The Company has adopted the transitional approach to capital requirements, phasing in the impact of moving between the previous and revised methodologies following the revision of the BSCR by the BMA in 2019 and 2024. The 2024 revisions, known as BMA Targeted Enhancements, came into effect on 1 January 2024. This introduced distinct lapse and expense risk capital charges to the BMA capital framework and will be transitioned into the capital position over a 10-year period.

Identification of any factors affecting encumbrances and thus affecting the availability and transferability of capital to meet the ECR

There was a transfer of $309.9 million from Tier 1 to Tier 2 capital for excess of encumbered assets. Nonetheless, there is sufficient capital for the Company to meet the ECR requirements.

Identification of any ancillary capital instruments that have been approved by the authority

None.

Identification of differences in shareholders equity as stated in the financial statements versus available statutory capital and surplus

The starting point to determine available statutory capital and surplus is to prepare the Company's consolidated balance sheet on an EBS basis. This is derived from the US GAAP balance sheet by making adjustments to reflect the EBS basis of assets and liabilities. This EBS then provides the available capital and surplus which is then categorised into the three available capital tiers.

The US GAAP Consolidated Total Shareholders' Equity and the solvency valuation of the excess of the assets over the liabilities is set out below. The adjustments are documented in Section D covering valuation of assets and liabilities.

US GAAP Shareholders' Equity to EBS Available Statutory Capital and Surplus	2024 $'000	2023 $'000
US GAAP Consolidated Total Shareholders' Equity	**786,929**	**988,238**
Less: Prepayments measured at $nil for EBS	(5,725)	(10,284)
Less: Deferred acquisition costs measured at $nil for EBS	(1,016,759)	(987,556)
Less: Value of business acquired measured at $nil for EBS	(2,784)	(3,269)
Less: Difference of amortized cost of Mortgage Loans in USGAAP vs fair value in EBS	16,171	—
Less: Difference of Funds withheld BS in USGAAP vs fair value in EBS	(2,349)	—
Less: Cost of reinsurance Liability measured at $nil for EBS	155,785	0
Less: Investment contract liabilities measured at $nil for EBS	605,637	0
Net technical provisions measurement differences for EBS	1,832,163	2,268,355
Current and deferred taxes	(352,308)	(307,431)
Other	5,241	3,552
EBS Available Statutory Capital and Surplus	**2,022,001**	**1,951,605**

Figure 20 - Analysis of change from US GAAP Shareholders' Equity to EBS Available Statutory Capital and Surplus.

E.2 Regulatory Capital Requirements

Identification of the amount of the ECR and the Minimum Margin of Solvency at the end of the reporting period

	2024 $'000	2023 $'000
Available Statutory Economic Capital and Surplus	2,022,001	1,951,605
ECR	848,346	837,529
ECR Ratio	**238%**	**233%**
Eligible Capital for MSM	2,018,822	1,951,605
MSM	209,420	209,382
MSM Ratio	**964%**	**932%**

Figure 21 - Summary of ECR and MSM for the Company.

Identification of Any Non-Compliance with the MSM and the ECR

None.

Circumstances surrounding the non-compliance and the remedial measures taken and their effectiveness

Not applicable.

Where the non-compliance has not been resolved, a description of the amount of the non-compliance at the end of the reporting period

Not applicable.

E.3 Approved Internal Capital Model

The Company has not applied to use an Internal Capital Model.

F Subsequent Events

F Subsequent Events – Particulars and Explanations

F.1 Description of the significant event

On 1 January 2025: (i) Jay Orlandi resigned as a director of RIBM and RGBM; (ii) Phillip Beach resigned as a director of RGBM; (iii) Simon Machell was appointed a director of RGBM; (iv) Tony Tong was appointed a director of RGBM; and (v) Tony Tong replaced Kerri Michelle Moloney as Chief Risk Officer.

On 11 March, 2025, RIBM entered into a standby letter of credit facility of $500 million with a third party bank. The facility is due to expire on 11 March, 2026, but is subject to automatic renewals for additional successive one year periods. On 13 March, 2025, the bank issued $450 million letter of credit pursuant to this facility.

On 24 March, 2025 the Company extended the maturity date for the letter of credit entered into on 20 June, 2024 from 20 June, 2027 to 24 March, 2028, and increased the total amount of the letter of credit from $14 million to $24 million.

As of 31 December, 2024, the Company had a $200 million loan with PLIC. On 13 March, 2025, the loan was increased to $957 million, with $757 million being repaid to PLIC on 20 March, 2025. The remaining $200 million loan is expected to be repaid by the end of April 2025.

F.2 Approximate date or proposed timing of the significant event

Refer to F.1 above.

F.3 Confirmation of how the significant event has impacted or will impact

Refer to F.1 above.

F.4 Any other material information

There is no other material information to report on at the date of the FCR filing.

G Glossary

G. Glossary

Annual incentive plan	AIP
Approved Actuary	AA
Allowance for Credit losses	ACL
Asset Liability Management	ALM
Australian Prudential Regulation Authority	APRA
Bermuda Monetary Authority	BMA
Bermuda Solvency Capital Requirement	BSCR
Best estimate liability	BEL
Board Audit Committee	BAC
Board of Directors	Board
Board Remuneration Committee	Remco
Board Risk Committee	BRC
Business Unit	BU
Chief Executive Officer	CEO
Chief Executive Officer of the Pacific Life Group	PL CEO
Chief Financial Officer	CFO
Capital Management Policy	CMP
Chief Risk Officer	CRO
Commercial Insurers Solvency Self-Assessment	CISSA
Division Risk Management Committee	DRMC
Economic Balance Sheet	EBS
Executive Committee	ExCo
Financial Condition Report	FCR
Foreign Exchange	FX
Independent Non-Executive Director	INED
Internal Economic Capital	EC
Lifetime Mortgages	LTM
Long Term Incentive Plan	LTIP
Minimum Margin of Solvency	MSM
Non-Executive Director	NED
Other comprehensive Income	OCI
Pacific LifeCorp	PLC
Pacific Life Holdings Bermuda Limited	RHBM
Pacific Life Insurance Company	PLIC
Pacific Life Re or PL Re - PMHC's global life reinsurance division	Division
Pacific Life Re (Australia) Pty Limited	PLRA
Pacific Life Re Global Limited	RGBM
Pacific Life Re Holdings Limited	PLRH
Pacific Life Re Holdings LLC	PLRH LLC
Pacific Life Re International Limited	RIBM
Pacific Life Re International Limited and its subsidiaries	The Company
Pacific Life Re Limited	PLRL
Pacific Life Re Services Limited	PLRS
Pacific Life Services Bermuda Limited	RSBM
Pacific Mutual Holding Company	PMHC

Pacific Mutual Holding Company and its subsidiaries	Pacific Life Group
Pacific Services Canada Limited	PSCL
Pension Risk Transfer	PRT
Return on Equity	RoE
Risk and Control Self-Assessment	RCSA
Risk management information	Risk MI
Savings & Retirement	S&R
Share subscription agreement	SSA
The Savings and Retirement Assets and Liabilities Committee	S&R ALCO
The Division Investment Committee	DIV-IC
Transition Enhanced Capital Requirement	ECR
United Kingdom	UK
United States	US
US Generally Accepted Accounting Principles	US GAAP

Figure 22 - Glossary