PACIFIC LIFE RE

Pacific Life Re International Limited
and its subsidiaries

Financial Condition Report ("FCR")

For the year ended
31 December 2023

Forming part of the annual regulatory reporting package submitted to the Bermuda Monetary Authority ("BMA") by 23 April 2024

Declaration Statement

To the best of our knowledge and belief, the financial condition report fairly represents the financial condition of Pacific Life Re International Limited and its subsidiaries as at 31 December 2023 in all material respects.

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David Howell	Elaine Murphy
Chief Executive Officer, Chair & Principal Representative	Chief Actuary and Chief Pricing Officer
19 April 2024	19 April 2024

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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 International Limited ("RIBM") and its subsidiaries ("the Company") as at 31 December 2023. Unless the context indicates otherwise, the terms "the Company" or "our" means Pacific Life Re International 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, 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 International Limited ("RIBM"), including its wholly owned and controlled subsidiaries, Pacific Life Re (Australia) Pty Limited ("PLRA"), Pacific Life Re Holdings Limited ("PLRH") and Pacific Life Re Limited ("PLRL"), is a wholly owned subsidiary of Pacific Life Re Global Limited ("RGBM"). RGBM 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 RIBM and its consolidated subsidiaries. The Company provides life reinsurance solutions to its customers.

RIBM is a reinsurance carrier participating in PMHC's global life reinsurance division (Pacific Life Re, PL Re or the Division). During the year, the Division operated through a Division Centre, UnderwriteMe and four business units (BUs or Business Units). The BUs were based on geographic location and/or business channel, as follows: Pacific Life Re Europe ("Europe"), Pacific Life Re Asia ("Asia"), Pacific Life Re Australia ("Australia"), Pacific Life Re Retro ("Retro"). In early 2024, PL Re moved from this geographical-based structure for BUs to a product-based management structure with three lines of business: Protection, Savings & Retirement ("S&R"), and Capital Solutions.

RIBM was incorporated in Bermuda on 22 November, 2019, and is licensed as a Class E long-term insurer by the Bermuda Monetary Authority ("BMA"). RIBM provides reinsurance services, including via its branches which are regulated in the UK, Canada, Singapore and South Korea.

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 2024.

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 traditional reinsurance which includes individual and group life, disability and critical illness, and income protection reinsurance in Australia.

Business Transfers and Restructuring

PL Re commenced a project (Project Valentine) in 2019 to move the Division's headquarters to Bermuda and created two new regulated entities in Bermuda, RGBM and RIBM. On 25 June, 2021, a Business Transfer Agreement was signed governing the transfer of business between PLRL and RIBM.

On 1 July, 2021, two treaties written in the Singapore branch of PLRL were transferred to RIBM by means of individual novation of treaties. On 1 January, 2022, the remaining reinsurance business written by the Singapore branch of PLRL was transferred to RIBM by means of individual novation of treaties. On the same day, the reinsurance business governed by English law was transferred to RIBM by means of an insurance business transfer under Part VII of the Financial Services and Markets Act 2000 (Part VII) and an additional business transfer under a Guernsey insurance business transfer scheme was completed with an effective date of 1 January, 2022. The remaining Europe treaties not written under English law were transferred to RIBM by means of individual novation of treaties with an effective date of 1 January, 2022. The retrocession contract with PLRA was also novated to RIBM on 1 January, 2022. Loan notes were issued by RIBM to PLRL as consideration for the transfers that occurred on 1 January, 2022.

On 1 January, 2022, the retrocession treaties between Pacific Life Insurance Company ("PLIC") and PLRL were novated to UK branch of RIBM.

On 1 January, 2022, the retrocession treaty between RGBM and PLRL was novated to the UK branch of RIBM. On 1 January, 2022, the retrocession treaty was recaptured.

On 1 January, 2022, the retrocession treaty between PLRA and PLRL was novated to RIBM. PLRL has no further obligations under that treaty, and all investment management and custody arrangements in relation to that business have also been contractually transferred to RIBM. APRA has designated RIBM as an 'appropriate retrocessionaire' of PLRA.

On 1 January, 2023, the PLRL Canada branch business was transferred to the Canada branch of RIBM by way of individual novation of treaties. Loan notes were issued by RIBM to PLRL as consideration for the Canada business transfers. On 1 January, 2023, the majority of Canadian market reinsurance business in RGBM was transferred to RIBM Canada branch through novation of individual treaties. On the same day the retrocession arrangement between PLRL Canada branch and PLIC was recaptured. Also on 1 January, 2023, RIBM Canada branch set up two new 75% retrocession treaties with RGBM, one for Protection and the other for Longevity business.

On 1 January, 2023, the PLRL Korea branch business was transferred to the Korea branch of RIBM by way of a South Korean law portfolio transfer for cash.

Having transferred all the business out of PLRL during the period, PLRL and its branches were fully deauthorized by 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 2024.

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 2023 was income of $152.0 million (2022: $184.8 million). The main drivers for the decrease in the underwriting result were as follows:

- Unfavorable IBNR assumption adjustment on the protection business
- Discount rate unwinding of future policy benefit reserve for funded reinsurance business
- Increase in acquisition cost for new business partially offset by
- Higher premiums driven by higher renewal premium rates and volume

The investment performance for the year ended 31 December 2023 returned a net investment gain of $54.1 million (2022: $87.0 million). The main drivers of the decrease in investment gain were as follows:

- Loss due to increase in fair value of funds withheld due to a fall in yields, versus gains in prior year due to decrease in the fair value,
- Increase in the net realised loss from sale of fixed income securities, partially offset by;
- Rise in interest income is attributed to an increase in total investments, which in turn generated more interest over the year, coupled with higher interest rates.

The unrealised gain for the year from the fixed income securities, net of tax, was $138.5 million (2022: unrealised loss of $388.4million). The favourable movement was due to a global fall in bond yields compared to prior year where bond yields increased as central banks looked to counteract inflation.

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 Board (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. They company is also exposed to counterparty risk, liquidity risk, and group risk.

As at 31 December 2023 the Company's in-force portfolio consisted of protection reinsurance and retrocession business and longevity reinsurance business. The protection business consists of mortality and morbidity risks written in North America, UK and Ireland via RIBM's UK branch, and across Asia via RIBM's Singapore and Korea branches, as well as protection reinsurance of both retail insurance products and insurance provided through large superannuation funds (group insurance) written in Australia. The longevity business comprises both longevity swap and funded reinsurance business, mainly in the UK.

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

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 methodology following the revision of the BSCR by the BMA in 2019. As at 31 December 2023, the Company has an ECR of $773.9 million (2022: $705.8 million) and a solvency coverage ratio of 255% (2022: 265%). 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 2023 of 1,020% (2022: 1,056%).

	2023	2022
	$'000	$'000
Eligible Capital for ECR	1,973,329	1,872,579
ECR	773,854	705,804
ECR Ratio	**255 %**	**265 %**
Eligible Capital for MSM	1,973,329	1,863,592
MSM	193,463	176,451
MSM Ratio	**1,020 %**	**1,056 %**

F Subsequent Events

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

RIBM declared a distribution of $70 million to RGBM, which was settled on 12 January, 2024.

On 19 March, 2024, RIBM entered into a replacement term loan with a syndicate of Japanese banks and repaid the existing facility of JPY15 billion ($106.4 million). The total loan balance under the replacement term loan facility increased to JPY18 billion ($127.7 million). At the time of entering into the replacement arrangement, RIBM drew down the additional increase. Also on 19 March, 2024, the parental guarantee with Pacific LifeCorp was terminated and the outstanding fees of $891k were paid.

A Business and Performance

A. Business and Performance

A.1 Name and legal form of the undertaking

Pacific Life Re International Limited ("RIBM").

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:	*kolivera@bma.bm*	*Laura.Arp@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 Global Limited	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 2023, is set out below:

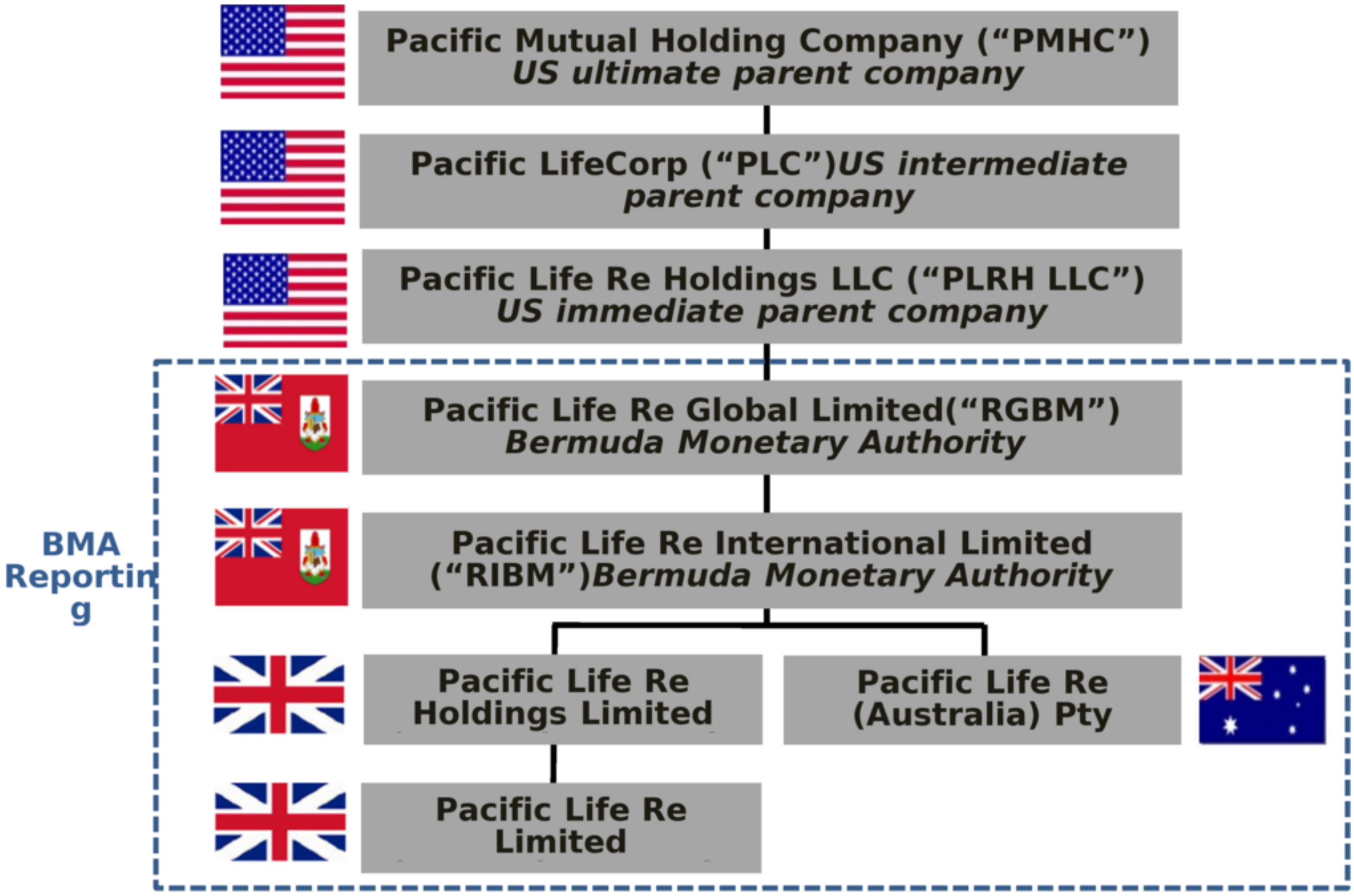

Figure 1 - Corporate structure chart

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 2023 and 2022.

	US GAAP 2023				
	Australia	Asia	Europe	North America	Total
Premiums	$'000	$'000	$'000	$'000	$'000
Gross	461,067	300,521	1,441,301	32,927	2,235,816
Reinsurers' share	(78)	(13,826)	(84,918)	(25,982)	(124,804)
Other Insurance Income	9	1,564	2,820	—	4,393
Net	**460,998**	**288,259**	**1,359,204**	**6,945**	**2,115,406**

	US GAAP 2022				
	Australia	Asia	Europe	North America	Total
Premiums	$'000	$'000	$'000	$'000	$'000
Gross	383,420	231,035	1,150,876	12,090	1,777,420
Reinsurers' share	(17)	(1,130)	(71,108)	(2,863)	(75,117)
Other Insurance Income	—	846	2,394	—	3,240
Net	**383,403**	**230,751**	**1,082,163**	**9,226**	**1,705,543**

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

The increase in the premiums earned compared to 2022 is largely due to the following:

- increased premium in the S&R Funded reinsurance business
- the renewal of inforce treaties

The table below shows the business written by business segment on a US GAAP consolidated basis for the years ended 31 December 2023 and 2022.

	US GAAP 2023		
	Protection	Savings & retirement	Total**
Premiums	$'000	$'000	$'000
Gross	1,473,700	762,116	2,235,816
Reinsurers' share	(48,954)	(75,849)	(124,804)
Other Insurance Income	1,851	2,542	4,393
Net	**1,426,597**	**688,809**	**2,115,406**

	US GAAP 2022 *		
	Protection	Savings & retirement	Total
Premiums	$'000	$'000	$'000
Gross	1,268,289	509,132	1,777,421
Reinsurers' share	(8,284)	(66,833)	(75,117)
Other Insurance Income	846	2,394	3,240
Net	**1,260,851**	**444,693**	**1,705,544**

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

*The 2022 figures have been reclassed to align with the new business segments in 2023.
**There were no premiums for Capital Solutions in 2023 & 2022.

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:

	US GAAP	
	2023	2022*
Fixed Income Securities	$'000	$'000
Corporate & Sovereign Bonds	2,915,625	1,961,331
Residential Mortgage Backed Securities	823	856
Total	**2,916,448**	**1,962,187**

Figure 4 - Summary of fixed income securities by investment type

*2022 figures have been realigned to show as per new format

The increase from 2022 is largely from investing premiums from new business including premiums from S&R Funded reinsurance business, unrealised gains as a result of a fall in bond yields and foreign currency translation and revaluation gains due to a depreciation of USD partially offset by sales, maturity or repayment of securities

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

		US GAAP	
		2023	2022
		$'000	$'000
Investment income	Fixed income securities	86,518	58,929
	Cash and cash equivalents	12,486	82
	Total	**99,005**	**59,010**
Gains/(losses) on fixed income securities	Realised gains	3,993	14,625
	Realised losses	(34,685)	(31,002)
	Total	**(30,692)**	**(16,377)**
Less: Investment expenses		(2,750)	(1,717)
Funds Withheld		(11,428)	46,063
Total net investment income		**54,135**	**86,979**

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

The Company earned investment income on fixed income securities of $99.0 million during the year ended 31 December 2023 (2022: $59.0 million).

The Company realised net loss on its fixed income securities of $(30.7) million during the year ended 31 December 2023 (2022: loss of $(16.4) million). The change in net loss was mainly driven by realised losses on sale of bonds.

The Company incurred net loss of $(11.4) million on funds withheld during the year ended 31 December 2023 (2022: gain of $46.0 million) due to loss on fair value movement of funds withheld for client portfolio.

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 2023 was an income of $152.0 million (2022: $184.8 million). The main drivers for the change in the underwriting result were as follows:

- Unfavorable IBNR assumption adjustment on the protection business
- Discount rate unwinding of future policy benefit reserve for funded reinsurance business
- Increase in acquisition cost for new business partially offset by
- Higher premiums driven by higher renewal premium rates and volume

	US GAAP	
	2023	2022
	$'000	$'000
Premiums		
Gross	2,235,816	1,777,420
Reinsurers' share	(124,804)	(75,117)
Other Insurance Income	4,393	3,240
Net	**2,115,406**	**1,705,543**
Policy benefits incurred		
Gross	1,005,990	877,348
Reinsurers' share	(29,382)	(26,589)
Net	**976,608**	**850,759**
Change in future policy benefit reserves		
Gross	725,924	373,886
Reinsurers' share	80,726	128,740
Net	**806,650**	**502,626**
Acquisition costs, including commission and other insurance expenses		
Gross	187,240	170,883
Reinsurers' share	(7,089)	(3,516)
Net	**180,151**	**167,367**
Underwriting result	**151,997**	**184,791**

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

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

	US GAAP	
	2023	2022
	$'000	$'000
Underwriting result (figure 6)	151,997	184,791
Net investment income (figure 5)	54,135	86,979
Other income	3,397	2,155
Operating expenses	(218,018)	(186,455)
Interest expenses	(731)	(936)
Tax provision/(charge) (figure 8)	(8,872)	2,773
Net gain/(loss), US GAAP consolidated financial statements	**(18,092)**	**89,307**

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

Operating expenses

	US GAAP	
	2023	2022
	$'000	$'000
Operating expenses	218,018	186,455
Total operating expenses	**218,018**	**186,455**

Figure 8 - Operating expenses

Operating expenses include employee costs, property costs and IT costs and recharges thereof. Increase is mainly driven by higher management fees driven by Project Unify (a back office transformation project) costs and higher salary costs.

Tax charged to the Statement of Operations

	US GAAP	
	2023	2022
	$'000	$'000
Current tax charge/(credit)	18,653	35,304
Deferred tax (credit)/charge	(9,781)	(38,078)
Total tax (credit)/charge	**8,872**	**(2,773)**

Figure 9 - Summary of tax charge over the reporting period

Tax charge in the year is driven by the difference between local tax basis (higher losses) and US GAAP in Asia plus losses in Bermuda not recognizing tax credit.

Intra-group transactions

The material intra-group transactions are included in the 'transactions with affiliates' note in the RIBM 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 RIBM 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 RIBM's Bye-Laws, RIBM'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 2023, 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 RIBM Board who served during the year ended 31 December 2023 or newly appointed on 18 April 2024 were as follows:

Members	Role	Date Appointed/(Resigned)
David Howell	Chief Executive Officer and Chair	31 March 2020
Rhys Faulkner	Chief Actuary and Chief Pricing Officer	31 March 2020 (resigned 18 April 2024)
Gary Falde	NED (Pacific Life Representative)	31 March 2020 (resigned 20 March 2023)
Amanda Sodergren	INED and Chair of the Audit Committee and Risk Committee and Lead Director	1 September 2020
Costas Miranthis	INED	1 September 2020
Simon Machell	INED	1 January 2021
Kerri Michelle Moloney	Chief Risk Officer	28 September 2021
Jay Orlandi	NED (Pacific Life Representative)	10 February 2023
Court Post	Chief Financial Officer	21 September 2021
Vibhu Sharma	NED (Pacific Life Representative)	20 March 2023
Phillip Beach	EVP Savings & Retirement	18 April 2024

Figure 10 - Members of the Board who served during the year ended 31 December 2023 or newly appointed on 18 April 2024

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 four members are NEDs, with two 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 RIBM'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 2023 the Company's BRC consists of a mix of Executives, 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.

Jay Orlandi, a non-executive director and representative of Pacific Life, became Chairperson of RemCo on 11 February 2023, and reports annually to the RIBM 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"); and
- The Chief Actuary and Chief Pricing Officer.

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 RIBM. 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 RIBM'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 2023, RIBM was party to the following material transactions with one or more of its shareholders, persons who exercise significant influence, the Board or senior executives:

- On 1 January 2023 the PLRL Canada branch business was transferred to the Canada branch of RIBM by way of individual novation of treaties. Loan notes were issued by RIBM to PLRL as consideration for the Canada business transfers. On 1 January, 2023, the majority of Canadian market reinsurance business in RGBM was transferred to RIBM Canada branch through novation of individual treaties. On the same day the retrocession arrangement between PLRL Canada branch and PLIC was recaptured. Also on 1 January 2023, RIBM Canada branch set up two new 75% retrocession treaties with RGBM, one for Protection and the other for Longevity business.

- On 1 January, 2023, the PLRL Korea branch business was transferred to the Korea branch of RIBM by way of a South Korean law portfolio transfer for cash.

- 100% coinsurance of 10 selected treaties written by RIBM's Korean Branch (equating to 50% of portfolio) effective 1 October 2023. The underlying business is critical illness in-force and open to new business.

- RIBM distributed $203 million to RGBM by way of distributions in 2023.

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

RIBM 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 information on the CV for a period of ten years, 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)***	Dave 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. Dave 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. Dave obtained his Bachelor of Mathematics Degree from the University of Waterloo in 1990 and became a Fellow of the Society of Actuaries in 1997.
Rhys Faulkner ***Chief Actuary and Chief Pricing Officer (Director) (resigned 18 April 2024)***	Rhys has 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. Rhys is responsible for overseeing Actuarial Reporting activities across the Division. He was previously the Chief Actuary (SMF20) for PLRL. He previously held a variety of roles within Actuarial Reporting at Pacific Life Re from 2009 to 2018 and before that, worked in the pricing team, where he was responsible for pricing protection and longevity business. He began his career within Pensions Consultancy at Hewitt Bacon and Woodrow. 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.
Gary Falde ***Non-executive Director (resigned 20 March 2023)***	Gary had been Chief Actuary at PLIC since 2011, retiring in November 2021. However, he continued his directorships with various PL Re entities as a representative of PLIC until his resignation on 20 March 2023. He joined Pacific Life in 1980 and spent nearly 25 years in the Life Insurance Division where he was promoted to vice president, Planning and Finance in 1998. He served as Appointed Actuary from 2001 through to 2015, responsible for opining on the compliance and adequacy of the company's statutory reserves. He has focused substantial efforts on developing new US principle-based reserving standards through key leadership positions in the American Academy of Actuaries' Life Reserves Work Group. He also served in industry committee chair roles on principle-based reserving and life insurance captives for the American Council of Life Insurers. Gary is a Member of the American Academy of Actuaries and Fellow of the Society of Actuaries.
Courtney (Court) Post ***Chief Financial Officer (Director)***	Court rejoined Pacific Life Re in June 2020 as Bermuda CFO and later took on the Division CFO role on 1 April 2022. In addition to his role as a director of RIBM, he is a director of RHBM, RSBM (as chair) and an officer with financial oversight responsibilities for RGBM. Previously, he was Vice President at RenaissanceRe in Bermuda from March 2019 – May 2020 and held the role of Director of Forecasting, Planning & Analysis. He spent 8 years with PL Re between 2011 – 2019, more recently as the 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 at: The SalesForce Group in Toronto, Canada; Artex Risk Solutions (Bermuda) Limited in Bermuda; Middlefield Group in Toronto, Canada; Arthur J. Gallagher in Bermuda. Court is a Chartered Professional Accountant (CPA) and a member of CPA Canada. He is also the holder of a Chartered Financial Analyst (CFA) designation and a member of the CFA Institute.

Kerri Michelle Moloney ***Division Chief Risk Officer (Director)***	Michelle joined Pacific Life Re as the Division CRO in February 2021 from Protective Life Insurance Company where she had been the CRO. Prior to Protective Life, Michelle worked for Wells Fargo as SVP of Strategy and Regulation for their reinsurance division. Michelle is responsible for overseeing risk management activities across PL Re and leads PL Re's team of risk management professionals. As Division CRO, she oversees ESG, legal, and second line risk management activities and the governance and validation of PL Re's economic capital models. She also sits on the ExCo.. 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.
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 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***	Simon joined the board of RIBM on 1 January 2021. 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.
Jay Orlandi ***Non-Executive Director (appointed 20 March 223)***	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 (appointed 20 March 2023)***	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. He oversees the actuarial, corporate finance, internal audit, enterprise risk management, and business development functions. Vibhu serves on Pacific Life's management committee. Vibhu joins Pacific Life from Thrivent where he served as Executive Vice President, CFO, and Treasurer. In this role, Vibhu was responsible for the finance and actuarial organisations, as well as ensuring the organisation's financial strength and stability, and ability to deliver on financial promises. In addition, he co-led Thrivent's transformation efforts. He previously served as Executive Vice President, CFO, and Treasurer of Mutual of Omaha and has held global leadership roles at Zurich Insurance and Collins Associates. Vibhu began his career at KPMG, rising to the role of partner while serving insurance companies in the U.S. and globally.

Phillip (Phill) Beach ***EVP, Savings & Retirement (Director) (appointed 18 April 2024)***	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 had also worked at a number of other Uk life companies in his c25 year career. Phill has a Batchelor of Science Degree in Maths and Economics and is a Fellow of the Institute of Actuaries.
Elaine Murphy **Chief Actuary and Chief Pricing Officer (Officer only)**	Elaine is the Chief Actuary for Pacific Life Re responsible for overseeing actuarial reporting 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.

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

B.3 Risk management and solvency self-assessment

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 Risk MI. The purpose of Risk MI is to enable management to assess the evolving nature of exposure to identified risks and to monitor the effectiveness of related controls.

Risk 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. Where impact could be material, stress and scenarios have been forecast on a BSCR basis as well.

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 BSCR 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 and Chief Pricing Officer 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 lawyers responsible for overseeing compliance in PLRA report 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 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 RIBIM's UK Branch for which it provides staff and general office services in the UK.	UK
Pacific Life Insurance Company (PLIC)	Intra-group agreement with PLIC including 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
Pacific Services Canada Limited (PSCL)	Intra-group agreement with PSCL for the provision of services for RIBM's Canada Branch (once authorised and operational).	Canada

Figure 12 - The material outsourcing of RIBM.

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 2023, the Company's in-force portfolio consisted of protection reinsurance and retrocession business and longevity reinsurance business. The protection business consists of mortality and morbidity risks written in North America, UK and Ireland, and the Singapore and Korea branches as well as protection reinsurance of both retail insurance products and insurance provided through large pension funds (group insurance) written in Australia. The longevity business comprises both longevity swap and **funded reinsurance** business, mainly in the UK. PLRL's Korea and Canada business were transferred to RIBM on 1 January 2023.

In line with the Company's Risk Strategy, this primarily results in preferred insurance risks (longevity, mortality and morbidity) 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 BSCR regulatory basis, and an EC basis whenever quantifiable.

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

- Insurance risk: includes longevity, mortality, morbidity;
- Market risk: includes interest rate, currency, credit spreads;
- Credit risk: includes counterparty;
- 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 iv) Longevity aggregate capacity limit 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 PL Re'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	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
Credit 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 require 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 intragroup 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 intragroup retrocession and arrangements b) Clear documentation of all intragroup 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 where 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 which are designed to promote the liquidity, security and quality of the portfolio and returns of such assets are assessed in relation to their risk via the associated capital charges.

The only permitted investments are investment grade fixed income securities, short term deposits and units in fixed income funds. Acquisition of equities, property, commodities, derivatives, alternative asset classes (such as hedge funds) and non-investment grade securities are expressly excluded as at FY23. The Company is reviewing its Investment Guidelines and the list of approved assets in 2024 as part of wider updates to the investment strategy.

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. Testing of the scenario indicated that the exposure is moderate on EC basis.
- 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. Testing of the scenario indicates that the overall impact is modest on EC basis.
- Combined mortality and morbidity stress – the solvency position is tested for a 5% increase in the mortality and morbidity rates. Testing of the scenario indicates that the overall impact is modest on EC basis.
- A range of market sensitivities and scenarios considering movements in interest rates, credit spreads and inflation.

In all stress and scenario tests, the capital ratio on BSCR basis is at or above the applicable target operating range.

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 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 2023 and 2022. In the sections following the table, further details are provided for the material EBS classes of asset.

	EBS 2023	EBS 2022
	$'000	$'000
Cash And Cash Equivalents	278,389	487,711
Investments	2,916,448	1,962,187
Investment Income Due And Accrued	29,695	18,956
Accounts And Premiums Receivable	608,547	507,902
Reinsurance Balances Receivable	68,171	74,791
Deferred Tax Asset	103,955	75,608
Other Instruments	230,000	230,000
Other assets	87,343	43,168
Total assets	**4,322,548**	**3,400,322**

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 counterparty default based on counterparty credit ratings.

Investments

The EBS measurement basis for financial 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.

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 on counterparty 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 instruments

Other instruments represent unpaid shares which can be recognised as Tier 2 capital in the BMA Capital and Solvency Return.

A share subscription agreement was entered into by RIBM, RGBM, PLRH LLC and PLC in relation to an Ancillary Own Fund arrangement ("AOF"), which became effective 1 January 2022 (the "SSA"). RIBM received approval from the BMA for the arrangement to the amount of $230 million effective from 1 January 2022. Under the share subscription agreement entered into by RIBM, RGBM, PLRH LLC and PLC in relation to an Ancillary Own Fund arrangement, RIBM may, on demand, require that PLC procures that RGBM subscribes for upto 230 million shares in RIBM. If triggered, PLC shall make an advance to PLRH LLC which PLRH LLC shall use to subscribe for shares in RGBM of the same amount. If RIBM breaches minimum solvency requirements, it must exercise its rights under the SSA. RGBM will then in turn be required to subscribe for an equivalent amount of shares in RIBM.

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 (consists of premiums held by cedant in order to cover future claims) and longevity reinsurance business (consist of collateral balances in favour of cedants).

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 counterparty default 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, further details are provided in relation to the assumptions and methodology for the best estimate liability ("BEL") and risk margin components of technical provisions 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 2023	EBS 2022
	$'000	$'000
Gross long-term business insurance provisions	(1,053,132)	(1,371,537)
Less: Reinsurance Recoverables	1,953,258	1,562,727
Risk margin	444,585	413,219
Total long-term insurance business technical provisions	**1,344,711**	**604,409**

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 the probability-weighted average of future cash outflows, taking into account the time value of money using the relevant term dependent discount rate. The calculation of the best estimate is based on up-to-date and credible information and on realistic assumptions, and it is performed using adequate, applicable and relevant 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, as published by the BMA. For currencies where the BMA does not publish discount rates, risk-free discount rates as 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 cash flows.

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 appropriate 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 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. Assumptions are treaty specific and reflect treaty-specific experience.

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

Contract boundaries

The boundary for contracts is determined in accordance with 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 ECR.

Uncertainty associated with the value of technical provisions

Cashflow projections are performed on a deterministic as opposed to a stochastic basis, but the BEL is uplifted to account for a probability-weighted average of future cashflow projections. 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 liabilities for the Company as at 31 December 2023 and 2022. In the sections following the table, further details are provided for the material EBS classes of other liabilities.

	EBS 2023	EBS 2022
	$'000	$'000
Insurance and reinsurance balances payable	179,402	180,189
Commission, expenses, fees and taxes payable	73,659	71,332
Loan and notes payable	106,374	114,459
Tax liabilities	341,215	289,580
Amounts due to affiliates	11,575	4,237
Accounts payable and accrued liabilities	16,784	9,469
Funds held under reinsurance contracts	253,208	239,793
Sundry liabilities	22,291	14,276
Total other liabilities	**1,004,508**	**923,334**

Figure 16 - Summary of other liabilities

Insurance and reinsurance balances payables

Insurance and reinsurance payables relate to:

- Assumed business past due at the balance sheet date and consist of deposits and advances from cedants.
- Reinsurance payables relate to ceded business past due and consist of amounts payable to cedents 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 mortgage 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 reversed at the reporting date, with the exception that 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 deposits from reinsurers.

Sundry liabilities

These relate to deposit accounting payable balances with non-group companies.

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 these balances.

Any other liabilities, not shown elsewhere

Material contingent liabilities are included in the EBS at fair value on a probability weighted cash flow basis. This method recognises the expected present value of future cash flows 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 2023, there is no other material information regarding solvency valuation required to be disclosed for 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 oversight from the specialist teams 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 projection of the regulatory and EC solvency position over at least the next 5 years, including the impact of sensitivities; and
    - 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 cedant 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.

	EBS 2023	EBS 2022
Capital Tier's	**$'000**	**$'000**
Tier 1 available capital	1,673,575	1,526,320
Tier 2 available capital	299,754	346,259
Total available capital	**1,973,329**	**1,872,579**

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 2023 $'000	EBS 2022 $'000
Fully paid common shares	1,000	1,000
Contributed surplus or share premium	1,172,867	1,394,120
Statutory economic surplus	569,462	247,460
Excess encumbered assets transferred to Tier 2	(299,754)	(346,259)
Total Tier 1 available capital	**1,443,575**	**1,296,321**

Figure 18 -Summary of available capital

Fully paid common shares

RIBM'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. RIBM distributed $203 million to RGBM in 2023.

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.

There is an assessment to determine if there was 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 (2022: $0.3 million). In addition, RIBM received approval from the BMA for Tier 2 Ancillary Capital of up to $230.0 million. The arrangement is effective from 1 January 2022.

Tier 3 available capital
RIBM has no Tier 3 capital during the year ended 31 December 2023 (2022: 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.

	2023				
Eligible Capital $'000	**Limits**	**MSM**	**ECR**	**Applied to MSM**	**Applied to ECR**
Tier 1 capital	Min	80%	50%	1,642,079	1,673,575
Tier 2 capital	Max	25%	50%	331,250	299,754
Total				**1,973,329**	**1,973,329**

	2022				
Eligible Capital $'000	**Limits**	**MSM**	**ECR**	**Applied to MSM**	**Applied to ECR**
Tier 1 capital	Min	80%	50%	1,490,874	1,526,320
Tier 2 capital	Max	25%	50%	372,718	346,259
Total				**1,863,592**	**1,872,579**

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 methodology following the revision of the BSCR by the BMA in 2019.

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

There is a transfer of Tier 1 to Tier 2 capital for any excess of encumbered assets. There is enough capital for the Company to meet the ECR requirements.

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

On 18 November 2021, RIBM received approval from the BMA for a Tier 2 Ancillary Capital arrangement of up to $230.0 million. The arrangement is effective from 1 January 2022.

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. The EBS 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.

	2023	2022
US GAAP Shareholders' Equity to EBS Available Statutory Capital and Surplus	**$'000**	**$'000**
US GAAP Consolidated Total Shareholders' Equity	**738,326**	**822,903**
Less: Prepayments measured at $nil for EBS	(10,131)	(7,175)
Less: Deferred acquisition costs measured at $nil for EBS	(925,593)	(823,516)
Less: Value of business acquired measured at $nil for EBS	(3,269)	(2,274)
Net technical provisions measurement differences for EBS	2,204,679	1,924,454
Current and deferred taxes	(320,787)	(275,829)
Other fixed capital treated as Tier 2 ancillary own funds	230,000	230,000
Other	60,104	4,017
EBS Available Statutory Capital and Surplus	**1,973,329**	**1,872,580**

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

	2023	2022
	$'000	$'000
Eligible Capital for ECR	1,973,329	1,872,579
ECR	773,854	705,804
ECR Ratio	**255 %**	**265 %**
Eligible Capital for MSM	1,973,329	1,863,592
MSM	193,463	176,451
MSM Ratio	**1020 %**	**1056 %**

Figure 21 - Summary of ECR and MSM for the Company

Proposed Enhancements to the Regulatory Regime for Commercial Insurers

The company will be adopting the regulatory changes coming into effect from 31 March 2024. Capital requirements to be reported in the 2024 FCR will adopt the new framework. The main changes impacting the company's capital requirements are the introduction of distinct lapse and expense risk capital charges.

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

RIBM declared a distribution of $70 million to RGBM, which was settled on 12 January, 2024.

On 19 March, 2024, RIBM entered into a replacement term loan with a syndicate of Japanese banks and repaid the existing facility of JPY15 billion ($106.4 million). The total loan balance under the replacement term loan facility increased to JPY18 billion ($127.7 million). At the time of entering into the replacement arrangement, RIBM drew down the additional increase. Also on 19 March, 2024, the parental guarantee with Pacific LifeCorp was terminated and the outstanding fees of $891k were paid.

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
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
Independent Non-Executive Director	INED
Internal Economic Capital	EC
Long Term Incentive Plan	LTIP
Minimum Margin of Solvency	MSM
Non-Executive Director	NED
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
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