Financial Condition Report 31st December 2025

L&G Reinsurance USA Limited

CONTENTS

A. BUSINESS AND PERFORMANCE

A.1 NAME OF INSURER

L&G Reinsurance USA Limited ("L&G Re USA" or the "Company")

A.2 SUPERVISORS

Insurance Supervisor:	Bermuda Monetary Authority ("BMA")
Jurisdiction:	Bermuda
Phone Number:	+1 (441) 295 5278
Group Supervisor:	Prudential Regulation Authority ("PRA")
Jurisdiction:	United Kingdom
Phone Number:	+44 (0) 20 3461 4444

A.3 APPROVED AUDITOR

Organisation:	KPMG Audit Limited
Jurisdiction:	Bermuda
Address:	Crown House, 4 Par-la-Ville Road, Hamilton, Bermuda HM08
Phone Number:	+1 (441) 295 5063

A.4 OWNERSHIP DETAILS

Number of owners / Percentage:	One (100%)
Owner Name:	L&G Reinsurance USA Holdings Limited (Delaware)

A.5 GROUP STRUCTURE

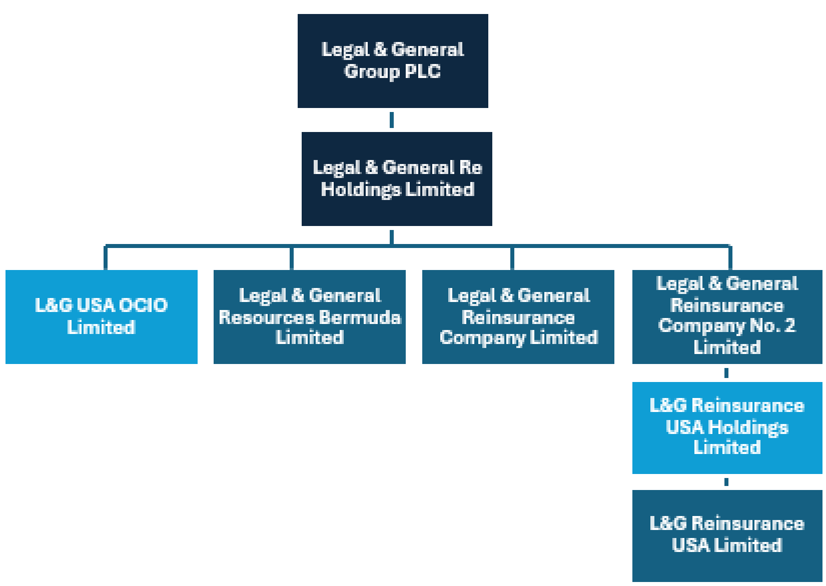
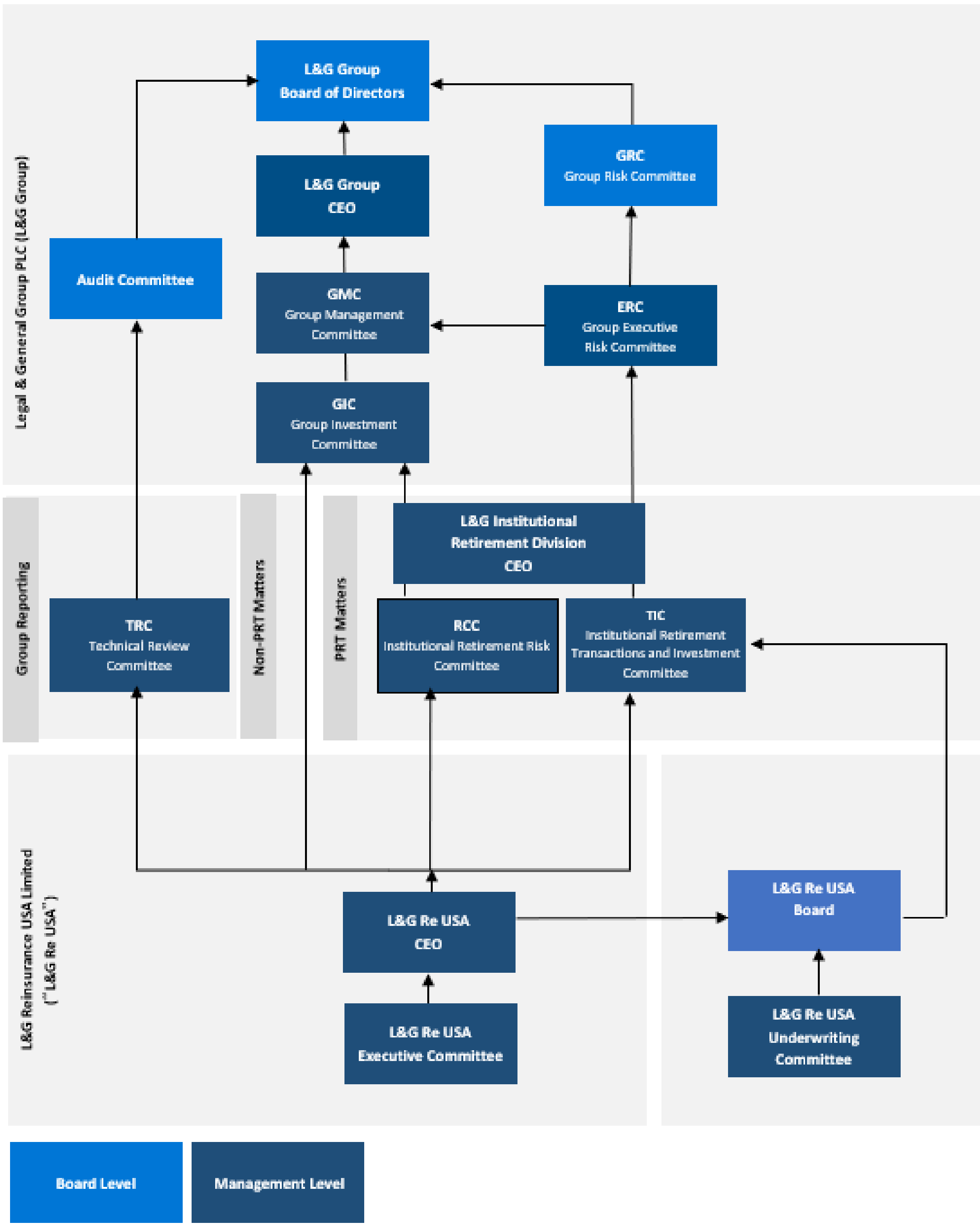


Diagram 1
The Company's immediate parent is L&G Reinsurance USA Holdings Limited, and its parent is Legal & General Reinsurance Company No. 2 Limited ("L&G Re 2"). The ultimate holding company for these entities is Legal & General Group Plc ("L&G Group").

The Company sits within the L&G Institutional Retirement division for governance purposes and its results are consolidated into L&G Re 2 for capital and business planning purposes.

Diagram 2: Governance Structure (as at 31 December 2025)

The Company has a local governance structure as shown on the preceding page and is also required to satisfy L&G divisional and Group level governance as shown on this page.



A.6 INSURANCE BUSINESS WRITTEN BY BUSINESS SEGMENT AND BY GEOGRAPHICAL REGION DURING THE REPORTING PERIOD

Line of Business	Gross Premium Written 2025	Net Premium Written 2025	Gross Premium Written 2024	Net Premium Written 2024
	US$'m	US$'m	US$'m	US$'m
Long-Term Business	Nil	Nil	N/A	N/A
Total	Nil	Nil	N/A	N/A

Geographical Location	Gross Premium Written 2025	Gross Premium Written 2024
	US$'m	US$'m
North America	Nil	N/A
Total	Nil	N/A

A.7 PERFORMANCE OF INVESTMENTS DURING THE REPORTING PERIOD

Type and Market Value	**2025**
Assets:	US$'m
Cash & Cash Equivalents	258
Total	**258**

Source: Report and Accounts 2025 "Statement of Financial Position"

A.8 DETAILS ON MATERIAL INCOME AND EXPENSES INCURRED

Investment performance is reported by the Company as Investment Return in its financial statements. In 2025, the Company earned interest income on the cash held of $369k.

There are no material expenses in the year.

A.9 ANY OTHER MATERIAL INFORMATION

On 2 February 2026, the Group completed the disposal of its US insurance entity, including its subsidiary Banner Life, to Meiji Yasuda Life Insurance Company. As part of this transaction, 80% of Banner Life's PRT business has been reinsured into the Company. The premium received for the business was c.US$8bn.

L&G Group and its global subsidiaries recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. The modern slavery statement can be found on the Company's website (https://group.legalandgeneral.com/media/fgdchnjt/modern-slavery-statement-2025.pdf).

B. GOVERNANCE STRUCTURE

Particulars of corporate governance, risk management and solvency self-assessment frameworks

The Company's Board is accountable for the long-term success of the Company by setting the strategic objectives and monitoring performance against those objectives. The Board is led by the Chair, and as at 31 December 2025 comprised two executive directors and two non-executive directors. The day-to-day management of the Company is led by the Chief Executive Officer ("CEO") while the CEO, Institutional Retirement US is responsible for the US operations of the Company.

The Company's Board meets formally on a regular basis and is responsible for setting the Company's strategy. The Company operates within a clearly defined delegated authority framework. The delegated authority framework ensures that there is an appropriate level of Board contribution to, and oversight of, key decisions and that the day-to-day business is managed effectively. The Company's governance framework is intended to ensure that all decision making is appropriate and subject to robust controls and oversight. The Company operates a three lines of defence structure to ensure appropriate segregation of responsibilities.

B.1 BOARD AND SENIOR EXECUTIVES

B.1.1 DIRECTORS AND OFFICERS (AS AT 31 DECEMBER 2025)

	L&G Re USA Board	Officers
Karl Shaw*	Chair / Non-Executive Member	
Amy Ellison	Executive Member	CEO
Alla Kleyner	Executive Member	CEO, Institutional Retirement US
Caroline Foulger	Independent Non-Executive Member	
Michael Walsh		Chief Financial Officer
Charlotte Kingston		Chief Actuary
Nick Burke		Chief Risk Officer

*Tim Stedman resigned as the Board's Chair and Member effective 30 July 2025 and Karl Shaw was appointed in his place, effective 16 September 2025.

Description of segregation of these responsibilities

For full year 2025, the primary officers of the Company were the Chief Executive Officer, the CEO, Institutional Retirement US ("CEO, IR US"), the Chief Financial Officer ("CFO"), the Chief Risk Officer ("CRO") and the Chief Actuary ("CA"). Only two members of the Board, the CEO and the CEO, IR US, are directly involved with the day-to-day management of the Company.

The CFO leads the finance function that is responsible for financial management, including financial reporting and valuation methodology and assumptions. The CA retains responsibility for capital management and optimisation, including the Bermuda Solvency Capital Requirement ("BSCR") and Commercial Insurers' Solvency Self-Assessment ("CISSA"). An affiliate entity, L&G USA OCIO Limited ("OCIO") has responsibility for managing the full asset portfolio of the Company, including investment manager oversight, Asset Liability Management and investment strategy development across a variety of asset classes. The CRO leads the risk function and is responsible for the risk management framework of the Company.

Brian Morrissey, KPMG, is the Company's Approved Actuary ("AA"). The AA is responsible for providing an opinion on the sufficiency of the long-term reserves of the Company and supporting the regulatory requirements to the BMA. There is full independence between the AA and the Company team which calculates the Best Estimate Liability ("BEL") and the underlying valuation basis.

B.1.2 DESCRIPTION OF REMUNERATION POLICY AND PRACTICES AND PERFORMANCE-BASED CRITERIA GOVERNING THE BOARD, SENIOR EXECUTIVES AND EMPLOYEES

The Company's CEO and HR function are responsible for oversight of remuneration taking into consideration the Group's remuneration policies. Senior executives and employees are remunerated in the same way. Base salary is set to be competitive within the relevant Bermuda or United States markets. A discretionary performance related bonus is paid annually reflecting the performance of the L&G Group, the wider Institutional Retirement division, and either the relevant Bermuda or US businesses, as well as that of the senior executive or employee during the calendar year. Bonuses above a certain threshold are subject to deferrals. Deferred awards are normally held in shares for three years.

The Group operates a Share Bonus Plan which provides the vehicle for deferral of annual bonuses in the majority of cases and allows for a limited number of awards of shares to high potential individuals and those with critical skills.

The Group also operates a Performance Share Plan which is offered to a small number of senior executives and employees each year in recognition of either the high performance or the strategic and influential role that the individual holds in terms of driving the Company performance, as well as their individual contribution. Participation in the plan for one year does not guarantee participation in future years.

The Board members that are employed by the Group are remunerated in line with Group remuneration policies. Independent non-executives are remunerated consistent with local market practice; compensation is not made in the form of shares in the Company or parent company.

B.1.3 DESCRIPTION OF THE SUPPLEMENTARY PENSION OR EARLY RETIREMENT SCHEMES FOR MEMBERS, THE BOARD AND SENIOR EXECUTIVES

The Company provides a pension plan for all eligible employees in line with local Bermuda or United States market practices. There is no pension plan for the Company's non-executives.

B.1.4 ANY MATERIAL TRANSACTIONS WITH SHAREHOLDER CONTROLLERS, PERSONS WHO EXERCISE SIGNIFICANT INFLUENCE, THE BOARD OR SENIOR EXECUTIVES

There are no material transactions with the Board members or senior executives outside of the Company's remuneration policies.

B.2 FITNESS AND PROPRIETY REQUIREMENTS

B.2.1 DESCRIPTION OF THE FIT AND PROPER PROCESS IN ASSESSING THE BOARD AND SENIOR EXECUTIVES

Application of the Policy

L&G Group has in place a Fit and Proper Policy which applies to the Company, the purpose of which is to set out the procedures required by regulated companies within the L&G Group to assess the fitness and propriety of individuals who run these undertakings or who hold other key functions in them.

Key Requirements

The policy requires that the Company shall establish, implement and maintain documented policies and adequate procedures to ensure that all persons who are responsible for running the entity or are responsible for other key functions are at all times fit and proper to do so. The assessment of fitness and propriety covers the following factors:

- Honesty, integrity and reputation
- Competence and capability
- Financial soundness

The Company’s Assessment Procedures

Defined processes are in place to ensure that the fitness and propriety of applicants is carefully considered before an application to the regulators to grant approval is submitted. An assessment will also be taken before a notification is made to the regulators in relation to the appointment of a key function holder.

The Company will only support an application for approval or a notification if it is believed that the candidate meets all the elements of the fit and proper test.

Each application will be looked at on its own merits, on a case-by-case basis, but the following principle generally applies to all applications: Has the candidate been open and honest with the Company and disclosed all relevant matters.

If the candidate has disclosed any incidents pertaining to their fitness and propriety, the following will be considered:

- The seriousness of the issue and the relevance to the specific role applied for;
- The passage of time since the incident occurred; and
- Whether the issue relates to an isolated incident or whether there is a pattern of adverse behaviour.

Fit and proper assessment criteria have been developed and each application will be considered against these criteria, regardless of the current approved status of the individual. The criteria are:

- Knowledge – Does the individual have generic knowledge of the industry sector and specific knowledge of the firm;
- Qualifications – Does the individual have prerequisite or supporting relevant qualifications;

- Skills – Does the individual demonstrate the appropriate level of business and interpersonal skills;
- Behaviour – Does the individual demonstrate the appropriate attitudes and standards of ethical behaviour; and
- Expertise – Does the individual achieve positive and fair outcomes and meet performance standards expected of the post.

The assessment criteria are also relevant in assessing the continuing fitness and propriety of individuals appointed to approved roles (“Approved Persons”).

Maintaining Fitness and Propriety

From time to time, Approved Persons will be required to certify that there has been no change to the information provided at the point of approval and consequently, the fitness and propriety status is unchanged.

The Group’s policies and procedures place an obligation on Approved Persons to notify Group Risk and Group HR in the event of any pending or actual criminal, civil or other disciplinary charges, judgements, petitions for bankruptcy, or other actions or disciplinary measures whatsoever, against them or any entity, body or other entity with which the Approved Person is, or has been, associated.

Should such a notification occur, the Company will assess the information to decide whether the Approved Person remains fit and proper. If the assessment ultimately concludes that the Approved Person can no longer remain in their role, a notification will be made to the regulators in line with the regulatory requirements.

The Company’s performance management process is the primary mechanism for tracking on-going competency. The Company will take appropriate steps to monitor an individual’s financial soundness on an on-going basis.

B.2.2 DESCRIPTION OF THE PROFESSIONAL QUALIFICATIONS, SKILLS, AND EXPERTISE OF THE BOARD AND SENIOR EXECUTIVES TO CARRY OUT THEIR FUNCTIONS

Board Members as at 31 December 2025

Karl Shaw
Corporate Development Director, L&G Institutional Retirement division

Karl has over 30 years’ experience in insurance, pensions and financial services, including more than 20 years with Legal & General. He is a member of the Institutional Retirement Senior Leadership Team, with responsibility for reinsurance, strategy, development and broking, international development and support, and corporate finance activities covering joint ventures, external capital and M&A.

Previously, Karl was CEO of Legal & General International Ireland, where he led the successful sale of the business to Canada Life. Earlier in his career, he held a range of corporate, finance and business development roles within Group, Retail Savings and Mortgages at Legal & General, and previously worked at AXA and Sun Life of Canada.

Karl is a Fellow of the Institute and Faculty of Actuaries and holds a First Class degree in Mathematics from the University of Cambridge.

Alla Kleyner
CEO, Institutional Retirement US

Alla joined L&G in 2018 as the Chief Risk Officer of L&G's US Retirement business where she was responsible for risk oversight for all risk types for PRT, including insurance, market, credit, liquidity, conduct and operational risks. She later held the roles of Chief Investment Officer for L&G America and US Retirement CFO before starting her current role of CEO, Institutional Retirement US.
Prior to joining L&G, Alla served as VP and Lead Actuary for the Retirement and Income Solutions unit at MetLife. She was responsible for financial reporting and valuation, pricing, and emerging risk issues for MetLife's group annuity and stable value products. Her experience includes pricing, ALM, product development, actuarial valuation and reporting, pricing oversight, risk management and investments.

Alla is a Fellow of the Society of Actuaries and a CFA Charterholder.

Amy Ellison
CEO

Amy became CEO of L&G Re in June 2021 relocating from London. As CEO, Amy has responsibility for running L&G's Bermuda based operations and entities.

Amy has worked in several senior management roles within L&G since joining the Group in 2016, including Finance Director within the Investment Management business responsible for Defined Contribution, Retail and Personal Investing product lines, and as Head of Audit for four of L&G's businesses. In 2019, Amy took up an eight-month secondment as Senior Policy Lead as part of the Independent Review of the Financial Reporting Council, working with L&G's Group Chairman, Sir John Kingman.

Before joining L&G, Amy spent 15 years with PwC in the UK and Australia and was responsible for the delivery of audits and assurance services to globally listed insurance and asset management clients.

Amy is a Member of the Institute of Chartered Accountants, Scotland and has a MA Music, University of Edinburgh.

Caroline Foulger
Independent Non-Executive Committee Member

Caroline is a non-executive director with extensive experience in the financial services industry. She is a former partner of PwC Bermuda where she both led the insurance practice and was a member of the firm's global industry leadership team.

Caroline has lived and worked in Bermuda for over thirty years, primarily with global insurance and reinsurance entities.

She is an experienced Audit Committee Chair for both US and UK listed entities and has also been a champion of diversity and inclusion at both PwC and on several of the boards on which she has or continues to serve. She currently has a non-executive portfolio of both listed and unlisted entities in insurance, investments and private equity companies.

Primary Officers and Senior Management as at 31 December 2025

Amy Ellison
CEO (Bio above)

Alla Kleyner
CEO, Institutional Retirement US (Bio above)

Michael Walsh
CFO

Following roles as Legal & General Reinsurance's (L&G Re) Chief Actuary and Chief Business Development Officer, Mike became L&G Re's Chief Financial Officer in 2020. During his time with L&G Re, Mike has overseen the execution of multiple PRT transactions, including the largest in Ireland in 2018, as well as L&G Re's inaugural transaction in Canada and L&G Re's award-winning pandemic stop-loss reinsurance.

Prior to joining L&G Re, Mike held a variety of roles, including as an adviser to sponsors and trustees of pension funds, as well as senior roles within the UK pension risk transfer market. He oversaw the launch of Partnership into the UK bulk annuity market (now Just following the merger with Just Retirement) and the completion of more than 30 bulk annuity transactions. Across his career, Mike has also been responsible for developing pricing capability in the innovative medically underwritten bulk annuity market; overseeing production of quotations; leading product development; and implementing major improvements to systems, governance and processes.

Mike has a Master's in Mathematics with Statistics and is a Fellow of the Institute of Actuaries, for which he has been a member of the working parties and organising committees of Member Interest Groups.

Mike is also a Board member of the Association of Bermuda International Companies (ABIC) and has attained the Diploma in Company Direction from the Institute of Directors.

Charlotte Kingston
Chief Actuary

Charlotte joined L&G in 2017 and relocated to the Bermuda office in 2021. She has held a variety of roles across the Group, primarily focused on financial reporting and capital management. Most recently, Charlotte served as Head of Capital Management for L&G Reinsurance, where she played a key role in establishing L&G Reinsurance's US PRT reinsurance platform.

Prior to joining L&G, Charlotte worked as a pensions consultant at Hymans Robertson. She was appointed Chief Actuary in 2025 and currently performs the role for both L&G Re and L&G Re 2.

Charlotte is a Fellow of the Institute and Faculty of Actuaries and holds the Chartered Enterprise Risk Actuary accreditation. She graduated from the University of Manchester with a BSc in Mathematics.

Nick Burke
Chief Risk Officer

Nick heads up the Company's risk function. Since joining L&G in 2014, he has held a variety of roles including Pricing Manager and Business Development Director. He was also involved in the market entry for each of the PRT territories.

Prior to joining L&G, Nick worked for Irish Life.

Nick is a Fellow of the Institute and Faculty of Actuaries, a Chartered Enterprise Risk Actuary and has a MSc in Mathematics and Physics from the University of Manchester.

B.3 RISK MANAGEMENT AND SOLVENCY SELF-ASSESSMENT

B.3.1 A DESCRIPTION OF THE RISK MANAGEMENT PROCESS AND PROCEDURES TO EFFECTIVELY IDENTIFY, MEASURE, MANAGE AND REPORT ON RISK EXPOSURES

Risk management system

The Company follows a 'three lines of defence' risk governance model which is in line with the L&G Group policy, whereby:

- the Company is responsible for risk taking within the parameters of the approved risk appetite and accountable for managing risks in line with the Company's risk policies;
- Risk functions led by the CRO provide objective challenge and guidance on risk matters;
- Group Internal Audit ("GIA") providing independent assurance on the effectiveness of business risk management and the overall operation of the risk framework.

Understanding the risks that we may be exposed to and deploying strategies to ensure residual exposures remain within acceptable parameters is an integral part of our business. We seek to deeply embed the necessary capabilities to assess and price for those risks that we believe offer sustainable returns within the Company; as well as ensuring the skill sets to closely manage those risk factors which could otherwise lead to unexpected outcomes. The risk management framework supports informed risk taking by our business, setting out those rewarded risks for which we accept exposure; and the risks that we want to avoid; together with risk limits and standards of internal control to ensure exposures remain within our overall risk appetite.

Risk appetite

The Company's risk appetite statements set out the overall attitude to risk, and the ranges and limits of acceptable risk taking. The ARCC regularly considers the risk appetite, assessing the continued appropriateness of the Company's key measures and tolerances relative to the risk exposures of the Company. Additionally, as part of the planning cycle, assessment is made of the level of risk taking proposed in the plan and the capacity for risk taking within the overall appetite framework.

The risk appetite is approved by the Board on the recommendation of the Company.

Risk taking authorities

The parameters of acceptable risk taking defined within the risk appetite are cascaded to the CEO and senior managers through documented divisional and entity mandates.

Mandates articulate the product types and features that may be written; the asset classes that may be held; the target capital positions and ranges of earnings volatility within which the overall profile of risks should be managed; and tolerances for specific risk exposures. Activities that would result in a business operating outside agreed parameters require formal approval.

Risk Policies

Risk control

The Company sets formal policies for the management of market, insurance, credit, liquidity and operational risks. The policies specify the overall strategies for ensuring each risk type is managed in line with the Company's risk appetite and the minimum control standards that should be applied in managing significant risk exposures.

Risk mitigation
The Company deploys a range of risk management techniques to manage and mitigate risks, and to ensure risk exposures are within the approved risk appetite. The framework of controls includes documented underwriting policies and structured delegated pricing and underwriting authorities. It also includes investment policies which take into account the nature of the liabilities, guarantees and other embedded options given to policyholders.

Risk identification and assessment

Review process
The Company operates a risk identification and assessment process under which the Company regularly consider changes in the profile of existing and emerging risks. The assessment process evaluates the risks that are inherent in all products as well as those that are presented from changes in the environments that the Company operates in.

Commercial Insurer's Solvency Self-Assessment
The risk identification and assessment process forms part of the Company's broader Commercial Insurers Solvency Self-Assessment ("CISSA") process, which is the on-going assessment of the risks to which the Company is exposed and an evaluation of the sufficiency of resources to sustain the business strategy over the horizon of the Group plan.

Risk Management Information
The risk management information framework is structured to report and support the review of ongoing and emerging risks and assess actual risk positions relative to the risk limits and targets that are set.

Risk oversight
The CRO, who is independent of first line, supports the Board in articulating acceptable risk taking and ensuring the effective operation of the risk and capital framework. This includes ongoing assessment of the Company's capital requirements to confirm that they meet regulatory solvency requirements.

The CRO also provides objective challenge and guidance on a range of risk matters to business managers, including the risks implicit in product developments, business transactions and new asset classes, and strategies for managing risks in line with the Company's overall risk appetite.

Risk committees
The Board has ultimate responsibility for the risk management framework. The Board:
- Owns the overall Risk Management system
- Owns the risk appetite statements
- Is the ultimate owner of the Company's regulatory relationships

The Company's Executive Committee (ExCo) ensures the effectiveness of the overall risk management system and may recommend to the Board any proposed changes to the risk appetite. It meets on a quarterly basis.

The executives are accountable for:
- The implementation and operation of the risk management system
- Identifying, measuring, managing, monitoring and reporting risks within the business
- Ensuring all business decisions are informed by risk-based measures by reference to the agreed risk appetite statements wherever appropriate

- Ensuring appropriate risk taking and risk assurance resources are in place

The CRO leads the risk management function which represents the second line of defence.

GIA provides the third line of defence across the Group. It provides assurance to the Board, executive directors and risk management function that the design and operation of the risk management system is appropriate for all risk types.

B.3.2 DESCRIPTION OF HOW THE RISK MANAGEMENT AND SOLVENCY SELF-ASSESSMENT SYSTEMS ARE IMPLEMENTED AND INTEGRATED INTO THE INSURER'S OPERATIONS, INCLUDING STRATEGIC PLANNING AND ORGANISATIONAL AND DECISION MAKING PROCESS

This item has been included in B.3.1 above.

B.3.3 DESCRIPTION OF THE RELATIONSHIP BETWEEN THE SOLVENCY SELF-ASSESSMENT, SOLVENCY NEEDS, AND CAPITAL AND RISK MANAGEMENT SYSTEMS

The purposes of the CISSA are to assess the Company's risks and to evaluate whether there are sufficient financial resources to sustain the business strategy over the plan horizon.

The Company uses an internal capital measure for its CISSA capital, which is broadly based on the Bermudian Economic Balance Sheet ("EBS"), with enhanced capital factors applied to its most material risks. The CISSA capital and EBS position is assessed under various stresses in the CISSA and relative to the Company's capital risk appetite, which broadly aims to withstand an adverse loss event and still maintain a margin above its regulatory target capital level. The Company's CISSA capital and EBS bases together with its capital risk appetite brings together the underlying risk and capital management processes by which the Company assesses, monitors and measures the Company's risks, reviews the business against risk appetite and tolerances and projects the solvency position over the business plan.

The CISSA cycle is aligned with the strategic and business planning process so that the key elements can interact and inform forward looking decision-making.

Integration of CISSA processes
Regular CISSA processes are aligned with the strategic and business planning process, providing key CISSA inputs in line with the plan.

Throughout the year, the Company monitors its performance against the current plan as well as monitoring risk and capital MI.

B.3.4 DESCRIPTION OF THE SOLVENCY SELF-ASSESSMENT APPROVAL PROCESS INCLUDING THE LEVEL OF OVERSIGHT AND INDEPENDENT VERIFICATION BY THE BOARD AND SENIOR EXECUTIVES

The Board is responsible for appropriate and proportionate oversight of capital management activities to ensure they are carried out in the spirit of the Group capital management policy.

The Board also ensures that there are adequate processes and procedures in place to meet their obligations under this framework.

The Board delegates the day-to-day capital management to the CEO.

The Company's capital risk appetite is the responsibility of the Chief Actuary. The risk appetite more generally is the responsibility of the CRO and is reviewed annually (or at other times when it is required).

Refer to B.3.1 and B.3.3 above for additional information.

B.4 INTERNAL CONTROLS

B.4.1 DESCRIPTION OF THE INTERNAL CONTROLS SYSTEM

Internal control system

The internal control framework seeks to ensure that:
- An organisational structure is defined, with clarity of roles, responsibilities and reporting lines
- Appropriate management information and reporting processes are defined
- Frameworks for decision making (including the delegation of authority) are articulated
- Clear segregation of duties is in place
- Conflicts of interest are managed
- Administrative and accounting procedures are aligned with requirements
- Personnel have sufficient skills, knowledge and expertise to discharge their responsibilities (including those relating to the regulatory environment)
- Adequate and orderly records of business are maintained
- The security of customer data and other internal records is ensured
- Business procedures combat financial crime
- Processes are in place to deal with policyholder claims and complaints
- The integrity of manual and computerised business systems is ensured
- Processes ensure assessment of the possible impact of any changes in the legal environment

The Board oversees the adequacy and effectiveness of the internal control framework, primarily through the receipt of reports from GIA, external auditors, and risk teams in the second line of defence.

B.4.2 DESCRIPTION OF HOW THE COMPLIANCE FUNCTION IS EXECUTED

The CRO retains all compliance responsibilities, including fraud, anti-money laundering, anti-terrorist financing, counter-proliferation financing ("AML/ATF/CPF"), and anti-bribery and corruption responsibilities. The compliance policies have been approved by the Board and are reviewed periodically. All local policies comply with Group compliance policy and consider regulatory requirements. The CRO ensures that:
- All staff have annual training on compliance policies
- All staff read and sign the compliance policies upon commencement of their employment
- Company policies are kept in-step with Group and regulatory requirements
- All compliance activity is reported to the ARCC.

B.5 INTERNAL AUDIT

B.5.1 DESCRIPTION OF HOW THE INTERNAL AUDIT FUNCTION IS IMPLEMENTED AND HOW IT MAINTAINS ITS INDEPENDENCE AND OBJECTIVITY WHEN CONDUCTING ITS FUNCTIONS

GIA is an independent and objective assurance and advisory function whose primary role is to support the Group Board and Executive Management in the protection of the assets, reputation and sustainability of the Group.

GIA also supports the Group's Executive Management in accomplishing business objectives by adopting a systematic and disciplined approach to the evaluation and improvement of the design and effectiveness of the Group's risk management, control and governance processes.

GIA carries out:

- independent reviews and audits of the controls mitigating the key risks in all areas of the business, prioritised according to the relative risk of each assignment as determined by the Group Chief Internal Auditor in conjunction with senior management;
- reviews of major business change initiatives; and
- reviews of the risk management and internal control processes.

GIA's work may also include reviewing relevant post-mortem or 'lessons learned' analyses following significant adverse events at an organisation. The role of GIA's involvement in any adverse events will generally be determined as part of the audit planning process or on an ad hoc basis, where required.

GIA is responsible for the development of an internal audit plan, with a corresponding delivery timetable and budget. The plan typically details proposed audits over the next twelve months. GIA reviews the plan regularly and advises the Board, through the Group Audit Committee, of any material alterations to it. Any impact of resource limitations and significant interim changes are communicated promptly to the Board.

The Internal Audit plan is developed using a risk-based methodology, including input from executive and non-executive senior management. Any significant deviation from the approved internal audit plan is communicated through the activity reporting process.

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Internal control objectives considered by GIA include:

- effectiveness of design and operation of processes and their actual outcomes, assessed against the group's established values, ethics, risk appetite and policies;
- the appropriateness of the organisation's risk and control culture, including the attitude and approach taken by all levels of management to risk management and internal control
- efficiency of operations, and use of resources;
- compliance with policies, plans, procedures, laws and regulations;
- reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and
- safeguarding of assets.

Group's Chief Internal Auditor reports functionally to the Chair of the Group Audit Committee and administratively to the Group Chief Executive Officer.

Internal Audit activity remains free from interference by anyone within the group. This includes the choice of business areas to audit, procedures, frequency, timing, or the content of the GIA reports. This ensures that GIA can maintain a necessary independent and objective perspective.

Internal auditors have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' judgement.

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and will not lose their objectivity when forming judgements.

Group's Chief Internal Auditor confirms to the Group Audit Committee, at least annually, the organisational independence of internal audit activity.

B.6 ACTUARIAL FUNCTION

B.6.1 DESCRIPTION OF HOW THE ACTUARIAL FUNCTION IS IMPLEMENTED

The Company has its own actuarial team that is supported by the wider Group Actuarial Function for the Company's EBS reporting.

The Approved Actuary, who belongs to an external independent firm, will present an annual report to the Board providing an opinion on the reasonableness of the calculation of the technical provisions ("TPs") and its compliance with Bermuda Regulations.

The requirements covering the calculation of TPs will be addressed through various activities, in particular, Actuarial Function review of the calculations and the membership of oversight committees. A number of reports during the year will be provided to the Board or Committees on the data, models, methodologies, assumptions and results of the EBS TPs calculation.

The Actuarial Function contributes to the effective implementation of the risk management system through various activities and the membership of a number of key committees with risk and financial reporting responsibilities. Areas of focus, both within the responsibility of the risk function and more generally, with significant levels of Actuarial Function involvement include: the Bermuda Solvency Capital Requirement ("BSCR"); the CISSA; identifying, measuring and monitoring risks; asset-liability modelling (including liquidity management); product pricing; financial reporting and business plans.

B.7 OUTSOURCING

B.7.1 DESCRIPTION OF THE OUTSOURCING POLICY AND INFORMATION ON ANY KEY OR IMPORTANT FUNCTIONS THAT HAVE BEEN OUTSOURCED

The Company Procurement Procedure incorporates the requirements from the Group's Third Party Risk Policy and the Group Procurement Policy which are applicable to Bermuda from a regulatory and legal perspective. The Third Party Risk Policy sets out the framework and minimum standards of control and governance that the Company expects to be applied in the management of risks associated with outsourced and essential supplier service arrangements in line with regulatory requirements. The Group Third Party Risk policy specifies that an activity should not be outsourced where it would materially impair the quality of the Company's system of governance; unduly increase the Company's exposure to operational risk; impair the ability of supervisory authorities to monitor the Company's compliance with its obligations; or undermine continuous and satisfactory service to the Company's policyholders.

The Group Procurement policy requires that for all outsourced arrangements a rigorous evaluation and supplier selection process is undertaken having regard for the financial stability, expertise, ability and capacity of the supplier to deliver the required service. The policy also specifies that a written contract must be in place which must include: a service level agreement; the conditions under which the arrangement may be terminated; provision for the orderly transition of services to another provider or the Company if the contract is terminated; a defined mechanism to resolve disputes arising out of/or relating to the contract; appropriate contingency plans should the supplier be unable to provide the required service; and provision for the continued availability of any software upon which the Company is reliant. Contracts must also ensure access to the providers premises, business management and any data relating to the outsourced activity, by GIA, risk and compliance functions, its external auditors and supervisory authorities; and appropriate warranties that L&G and client data is adequately protected against unauthorised access at all times. All outsourced arrangements must be managed under the direction of a named relationship manager. The risk function maintains oversight of the management of outsourcing arrangements established by the first line business operations.

The following external outsourcing arrangements are considered to cover part of some critical or important operational functions or activities and is monitored in line with the policy.

Service providers	Goods/services	Jurisdiction
Expertise Group	Services	Bermuda
Bulletproof Solutions, ULC	Services	Canada
KPMG	Services	Ireland

B.7.2 DESCRIPTION OF MATERIAL INTRA-GROUP OUTSOURCING ("INSOURCING")

Insourcing is the use by one L&G Group company of another company within the Group for the supply of business facilities or services. The core insourced relationships with Group are as follows:

- OCIO is the L&G Group entity appointed by the Board as the Outsourced Chief Investment Officer, responsible for managing L&G Re USA's investments;
- investment management and accounting services are provided by Legal & General Investment Management America Inc.;
- staff services are provided by Legal & General Resources Bermuda Limited and L&G USA Resources Limited;
- actuarial reporting calculation services are provided by L&G's Institutional Retirement division and L&G's Shared Service Centre teams;
- treasury services are provided by Legal & General Finance Plc;
- the provision of employee services, mortality advice, tax advice, legal advice, risk advice and investment advice are provided as required by the Group as per service agreements set in place with Legal & General Resources Bermuda Limited and Legal & General Resources USA Limited;
- reporting services are provided by L&G's Accounting Shared Services Centre as per the service agreement set in place; and

- accounts payable services are provided by L&G's Financial Accounting Operations service as per the service agreement set in place.

B.8 ANY OTHER MATERIAL INFORMATION

None.

C. RISK PROFILE

Particulars on exposures on underwriting risk, market risk including off balance sheet exposures, credit risk, liquidity risk, operational risk and other material risks.

C.1 MATERIAL RISKS THAT THE INSURER IS EXPOSED TO, INCLUDING HOW THESE RISKS ARE MEASURED AND ANY MATERIAL CHANGES THAT HAVE OCCURRED DURING THE REPORTING PERIOD

The Company currently uses the Bermuda Solvency Capital Requirement (with enhanced capital factors for CISSA capital) relative to its available capital on an Economic Balance Sheet basis together with its capital risk appetite framework to quantitatively assess risk exposures. In terms of capital requirement, the most significant risks are credit and insurance (longevity) risks. Market risk, which includes interest rate risks, covers other more material risks for which capital is held.

Underwriting risk

Risk exposure and controls

The Company is exposed to underwriting (also known as insurance) risk as a consequence of the reinsurance products offered. Underwriting risk is the exposure to loss arising from insurance risk experience being different to that anticipated. Detailed below are the risks the Company is exposed to and the associated controls operated.

Principal risk	
Longevity risks For assumed PRT business, the Company is exposed to the risk that mortality experience is lower than assumed. Lower than expected mortality would require payments to be made for longer and increase the cost of benefits provided. Long-term mortality experience and rates of improvement for assumed PRT business have increased uncertainty following the COVID-19 pandemic. We continue to monitor the emerging data and regularly consider the appropriate adjustment to make to our assumptions accordingly. At the present time we expect there to be more downward pressure on life expectancies in the short-term but less immediate impacts to our long-term assumptions.	Risk Mitigations Assumed PRT business is priced having regard to trends in improvements in future mortality. The Company regularly reviews its longevity experience and industry projections of longevity and adjusts the pricing and valuation assumptions accordingly.

Expense risk Pricing long term insurance business requires assumptions regarding the future cost of product servicing. A significant adverse divergence in actual expenses experience could reduce product profitability.	In determining pricing assumptions, account is taken of changes in price indices and the costs of employment. Actual product servicing costs are monitored relative to the costs assumed with the business plan, with variances investigated.

Risk concentration

The Company holds a significant portfolio of investment assets to meet obligations to its cedants under a combined Coinsurance/Modified Coinsurance reinsurance arrangement. Investment classes may include public and private corporate bonds and loans, residential and commercial mortgage loans, structured finance securities and cash. Whilst exposure to concentration risk is an inherent aspect of writing insurance business, there is limited appetite for the scale or frequency of events anticipated in product pricing materially diverging from expectations as a consequence of significant accumulations of exposure to a single event or counterparty.

Market risk

Risk exposure and controls

The Company is exposed to market risk as a consequence of the Company's new business strategy and for investments held for existing business. Market risk is the exposure to loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets.

Principal risk	
Investment performance risk The Company is exposed to the risk that the income from, and value of, assets held to back insurance liabilities do not perform in line with investment and product pricing assumptions leading to a potential financial loss.	Risk mitigations Models are used to assess the impact of a range of future return scenarios on investment values and associated liabilities in order to determine optimum portfolios of invested assets. For assumed PRT liabilities, which are sensitive to interest rate risk, analysis of the liabilities is undertaken to create a portfolio of securities, the value of which changes in line with the value of liabilities when interest rates change.
Currency risk To diversify investment risk within the asset portfolio used to back insurance liabilities, investments may be held in assets denominated in currencies not directly matched to the liabilities. Fluctuations in the value of, or income from, these assets relative to profits reported in US$ could result in unforeseen losses.	Risk mitigations The Company did not have any currency risk exposures as of 31 December 2025.

Principal risk	
Interest rate risk Interest rate risk is the risk that the Company is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets and liabilities arising from changes in underlying interest rates. The Company is exposed to interest rate risk on the investment portfolio it maintains to meet the obligations and commitments under its reinsurance contracts, in that the proceeds from the assets may not be sufficient to meet the Company's obligations to its cedants.	Risk mitigations To mitigate the risk that guarantees and commitments are not met, financial instruments are purchased, which broadly match the expected claims payable, by their nature and term. The composition of the investment portfolio is governed by the nature of the liabilities, the expected rate of return applicable on each class of asset and the capital available to meet the price fluctuations for each asset class, relative to the liabilities they support. Asset liability matching significantly reduces the Company’s exposure to interest rate risk. The sensitivity to interest rate changes of the Company’s profits and balance sheet equity on an International Financial Reporting Standards (“IFRS”) basis is included in the Company’s analysis and disclosed within the financial statements.

Risk concentration

The Company holds a significant portfolio of investment assets to meet obligations to its cedants under a Coinsurance/Modified Coinsurance reinsurance arrangement. Investment classes may include public and private corporate bonds and loans, residential and commercial mortgage loans, structured finance securities and cash. Some exposure to concentration risk is an inherent aspect of operating significant portfolios of investment assets. However, the Company has limited appetite for the scale or frequency of events anticipated in investment management strategies materially diverging from expectations as a consequence of significant accumulations of exposure to a single event or counterparty. Where required, limits are set on the maximum aggregate exposures to investment, banking and reassurance counterparties, sectors and geographies.

Concentrations of risk are reported as part of the Company’s risk monitoring and reporting framework. The risk management reports presented provide both qualitative and quantitative information on concentration risks, as well as on material risk drivers and mitigating actions taken where exposures are outside acceptable tolerances.

Credit risk

Risk exposure and controls

The Company is exposed to credit risk as a consequence of the new business strategy and the investments held for existing business. Credit risk is the risk of a financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company, or variations in market values as a result of changes in expectations related to those risks. Detailed below are the principal credit risks which the Company is exposed to:

Principal risk	
Asset default risk A significant portfolio of corporate bonds and other fixed income assets are held to back the liabilities arising from assumed PRT business. Whilst the portfolio is diversified, the asset class is inherently exposed to the risk of issuer default, with financial loss.	Risk mitigations Portfolio level and specific issuer limits are set by financial strength rating, sector and geographic region so as to limit exposure from a default event. Issuer limits are regularly reviewed to take account of changes in market conditions, sector performance and the re-assessment of financial strength by rating agencies and the Company's own internal analysts. Exposures are monitored relative to limits. If appropriate, actions are taken to trade out investments that are judged to have an elevated risk of default.
Banking counterparty risk The Company is exposed to potential financial loss should banks or the issuers of financial instruments default on their obligations to us. The Company is also exposed to counterparty risks in respect of the providers of settlement and custody services.	Risk mitigations The Company controls its exposures on a consolidated Group basis to banking counterparties and the issuers of financial instruments using a framework of counterparty limits. These limits take account of the relative financial strength of the counterparty as well as other exposures that the Company may have on a consolidated Group level. Limits are subject to regular review with actual exposures monitored against limits. The Company has defined criteria for the selection of custody and settlement services. The financial strength of providers is regularly reviewed.

Risk concentration

A significant portfolio of corporate bonds and other fixed income assets is held to back the liabilities arising from assuming PRT business. The Company can be exposed to concentrations of credit risk within the portfolio from events impacting a specific sector or geography or through concentrations of exposure to an individual counterparty. Accumulations of exposures to credit risk in relation to individual counterparties can also arise through holdings in cash, equities, bonds and property and through reinsurance and as a result of delegated premium collection arrangements.

The Company manages the credit concentration risk by setting quantitative limits on maximum exposures to counterparties. The Company's RCIC is responsible for reviewing the aggregate exposures for the Company and the extent to which specific limits are required for concentrations by counterparty, sector and geographic areas. Where exposures are identified as being outside acceptable ranges, it will initiate action (if required) within the relevant portfolio to manage the exposure.

Liquidity risk

Risk exposure

Liquidity risk is the risk that the Company, though solvent, does not have sufficient financial resources available to enable it to meet its obligations as they fall due.

Liquidity risk management

The Company does not seek exposure to liquidity risk as a part of its business model but accepts that exposure to liquidity risk can arise as a consequence of the markets in which it operates, the products that it writes and through the execution of investment management strategies.

The Company seeks to manage its funds and liquidity requirements on a pooled basis and to ensure the Group maintains sufficient liquid assets and standby facilities to meet a prudent estimate of its net cash outflows. In addition, the Company ensures that, even under stress scenarios, the Company has access to the funds necessary to cover all outgoings, collateral requirements and liabilities. Overall, the Company maintains sufficient funds for business-as-usual purposes. It is the Company's policy that the business remains self-sufficient from a liquidity perspective by maintaining sufficient liquid assets and assessing the appropriateness of the composition of the assets in terms of their nature, duration and liquidity to meet obligations as they fall due.

The primary sources of liquidity across the Company is cash, and high quality traded securities.

Liquidity stress testing

The exposure to liquidity risk is measured by monitoring liquidity for different accounts on short-term, near-term and longer-term horizons. The main purpose of the model is to measure the compliance to the approved risk appetite defined in the Liquidity Risk Management Framework. Given there is currently no derivatives use in the Company the process is much less onerous than other Group companies and reflective of ensuring sufficient liquidity to meet upcoming benefit and any funding payments.

Operational risk

Risk exposure and management

Operational risk is defined as loss arising from inadequate or failed internal processes, people, systems or external events. Potential for exposure to operational risk extends to all the Company's businesses. The Company has constructed a framework of internal controls to minimise material loss from operational risk events recognising that no system of internal control can completely eliminate the risk of error, financial loss, fraudulent action, or reputational damage. The Company has also adopted the culture whereby each area of the business and an executive are responsible for the operational excellence and control within that area.

Mitigation techniques are deployed via the internal control framework, which comprises the systems, processes and procedures that ensure business operations are conducted so as to meet all obligations to all stakeholders, comply with regulation and legislation, and minimise the risk of material error or fraud. The Company aims to implement effective controls (both preventative and detective) to reduce operational risk exposures, except where the costs of such controls exceed the expected benefits. It is accepted that no system of control will eliminate the risk of financial loss or reputational damage, and all employees are expected to report weaknesses and deficiencies as soon as they are identified. Risk events and issues are logged to provide visibility to management. These data are analysed frequently to identify repetitive instances and instruct the Company to address them promptly.

Dependency on a single supplier (both internal and external to the Group) to provide a product or service supporting a critical business function can give rise to a concentration of operational risk. Techniques deployed to mitigate this include business continuity and recovery plans in the event of a supplier failure, a defined mechanism to resolve disputes relating to a contract, and orderly exit and termination plans. Further details are provided in section B7: Outsourcing.

Sensitivities

As part of the CISSA, the Company performs a number of stress tests. The stresses produced consider the impact of a move in one or a small number of risk factors over a one-year and multi-year time horizon. The stresses are chosen to focus on areas where greater understanding is considered beneficial and are also chosen to ensure that the key risks are well represented. The stresses do not allow for management actions when calculating the impact.

The stresses include:

- Credit Risk: Default and downgrade tests to better understand the behaviour of the asset portfolio.
- Market Risk: Interest rate and inflation stress tests to help understand the interactions and effectiveness of any hedging arrangements.
- Insurance Risks: Longevity stress tests to demonstrate the sensitivity to different long-term mortality improvement rates for PRT liabilities and changes in current expectations of mortality rates.

The stresses demonstrate that the most material risks are credit and longevity. To mitigate these risks, management monitors the credit quality of the portfolio and focus on improving their understanding of future longevity trends.

The Company is able to meet the capital requirement following the stress testing performed.

C.2 HOW RISKS ARE MITIGATED INCLUDING THE METHODS USED AND THE PROCESS TO MONITOR THE EFFECTIVENESS OF THESE METHODS

Refer to C.1 above and C.4 below.

C.3 MATERIAL RISK CONCENTRATIONS

Refer to C.1 above and C.4 below.

C.4 HOW ASSETS ARE INVESTED IN ACCORDANCE WITH THE PRUDENT PERSON PRINCIPLE AS STATED IN PARAGRAPH 5.1.2 OF THE CODE

The Company is capitalised sufficiently to meet its ongoing business objectives from a local regulatory perspective. The shareholder funds supporting this business, as well as the assets that back the insurance liabilities, require a robust investment strategy.

The Company holds a broad range of investment assets to meet the obligations arising from its business. The performance and liquidity of investment markets and movements in interest rates and inflation can impact the value of these assets as well as the value of the underlying obligations. A potential mismatch of assets and liabilities may impact the earnings, profitability and the capital requirements of the Company. The Company seeks to match the asset and liability cash flows to reduce the impact of changing economic conditions, in line with the prudent risk management principles applied by the Company and regulation. Additionally, a range of risk management strategies are used to manage volatility in returns from investment assets and the broader effects of adverse market conditions.

The Company has the following risk management strategy to manage the investment portfolio of the Company.

Market risk

The Company's exposure to market risk is influenced by one or more external factors, including changes in specified interest rates, financial instrument prices and indices of prices or rates.

The Company follows the Group market risk policy. The Group market risk policy sets out the overall framework for the management of market risk. The policy is reinforced by more granular investment policies for long term and other business, which have due regard to the nature of liabilities and guarantees and other embedded options given to policyholders.

The Company is ultimately responsible for the management of market risk. The Company manages market risk using the following methods:

Asset Liability Matching

The Company manages its assets and liabilities in accordance with regulatory requirements, reflecting the differing types of liabilities it has.

For business such as PRT liabilities, which are sensitive to interest rate risk, analysis of the liabilities is undertaken to create a portfolio of securities, the value of which changes in line with the value of liabilities when interest rates change. This type of analysis helps protect profits from changing interest rates. Interest rate risk cannot be completely eliminated, due to the nature of the liabilities and early redemption options which may be contained in the assets.

The Company holds a range of asset types to meet liabilities. This allows the Company to devise an investment strategy which maximises risk-adjusted returns to its shareholders.

Interest rate risk

Please refer to C.1.

Inflation risk

Although the Company's existing liabilities do not have material inflation exposure, if the Company were to enter into contracts with material inflation linkage, we would manage the risk of movements in price indices through the use of inflation linked assets, swaps or similar instruments.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. These changes may be as a result of features of the individual instrument, its issuer, or factors affecting all similar financial instruments traded in the market.
The Company controls its exposure to geographic price risks by using internal country credit ratings. These ratings are based on macroeconomic data and key qualitative indicators. The latter take into account economic, social and political environments.

Credit risk

Exposure to loss if another party fails to perform its financial obligations to the Company.

The Company follows the L&G Group credit risk policy which defines the overall framework for the management of credit risk. Credit risk exposures primarily arise in relation to corporate bonds.

The Company holds fixed rate securities to back part of its insurance liabilities. Significant exposures are managed by the application and regular review of concentration limits, with allowance being made in the actuarial valuation of the insurance liabilities for possible defaults.

Liquidity risk

The Company follows the L&G Group Liquidity Risk Policy which defines the overall framework for the management of liquidity risk. The Company does not seek exposure to liquidity risk in its own right but recognises that exposure to liquidity risk can arise as a consequence of the markets in which it operates, the products that it writes and through the execution of investment management strategies.

The liquidity risks to which the Company may be exposed, primarily stem from low probability events that if not adequately planned for, may result in unanticipated liquidity requirements.

A limited level of contingent liquidity risk is an accepted element of writing contracts of insurance. However, the Company seeks to maintain sufficient liquid assets to meet a prudent estimate of the cash outflows that may arise from contingent events. The level of required liquidity to be maintained by insurance funds is identified using techniques including cash flow analysis for ranges of extreme scenarios and stress tests for shock events.

To ensure an appropriate pool of liquid assets is maintained in line with prudent estimates of cash outflows, liquidity risk is monitored through a bi-weekly liquidity report, which assesses projected cash balances over 3 month and 12 month horizons. In addition, long term cash projections covering a 5 to 50 year timeframe are reviewed on a quarterly basis.
The Company manages its banking relationships, capital raising activities, overall cash and liquidity position and the payment of dividends, with support from Treasury function. In addition, it ensures that, even under adverse conditions, there are sufficient funds to cover surrenders, withdrawals, and maturing liabilities.

C.5 STRESS TESTING AND SENSITIVITY ANALYSIS TO ASSESS MATERIAL RISKS, INCLUDING THE METHODS AND ASSUMPTIONS USED, AND THE OUTCOMES

Refer to C.1 and C.4 above.

C.6 ANY OTHER MATERIAL INFORMATION

None.

D. SOLVENCY VALUATION

Particulars of the valuation bases, methods and assumptions on the inputs used to determine solvency.

D.1 THE VALUATION BASES, ASSUMPTIONS AND METHODS USED TO DERIVE THE VALUE OF EACH ASSET CLASS

Assets

The Company's assets as at 31 December 2025 under the EBS regime are $258m of shareholder fund assets.

Unless otherwise stated, assets have been recognised in accordance with IFRS.

Individual assets and liabilities have been valued separately and can offset each other, where permitted, in accordance with IFRS accounting principles.

D.2 THE VALUATION BASES, ASSUMPTIONS AND METHODS USED TO DERIVE THE VALUE OF TECHNICAL PROVISIONS AND THE AMOUNT OF THE BEST ESTIMATE. THE AMOUNT OF THE RISK MARGIN AS WELL AS THE LEVEL OF UNCERTAINTY TO DETERMINE THE VALUE OF THE TECHNICAL PROVISIONS SHOULD BE INCLUDED

A summary of the Company's approach to reporting Technical Provisions (TPs) is set out below. At 31 December 2025 the Company did not have any insurance liabilities and the TPs were nil at this date.

The BEL is expected to typically be calculated using the Scenario-Based Approach ("SBA") and forms part of the TPs for the EBS position. The TPs are calculated as the sum of the BEL and Risk Margin ("RM").

Technical provisions 2025 ($'000)	Long-Term Business BEL	Risk Margin	Total
L&G Re USA	Nil	Nil	Nil

Source: 2025 BSCR

The calculation of the TPs is dependent on the quality of the data underlying the calculations. The data quality for future years will be assessed in line with Bermuda Regulations. Further information on material elements of the TPs is set out below:

Best Estimate Liabilities (BEL)

The BEL is calculated using deterministic actuarial projection models, in line with the methodology described below.

Main assumptions

This section covers the assumptions used in the calculation of the BEL.

Cash flow projections are determined using best estimate assumptions for each component of cash flow and for each policy group. The assumptions used in the valuation of the BEL are the same best estimate assumptions as the basis for calculating IFRS reserves, excluding the risk adjustment margin included within the IFRS assumptions. The main cash flows cover future financial obligations of reinsurance claims, and expenses of running the business (including investment expenses).

The best estimate assumptions are derived by reference to the most recent experience and any relevant market data (e.g., future mortality improvement factors calculated using the Continuous Mortality Investigation Bureau model).

Assumptions are set by following an established methodology which has been discussed with the Board. In some cases, assumptions can vary significantly from year to year. Assumptions are set for homogeneous risk groups to avoid introducing distortions that might arise from combining business with different characteristics.

Economic assumptions

The economic assumptions have been set such that they reflect the economic conditions at the valuation date.

Risk free yield curve

The SBA discount rate used by the Company to calculate EBS BEL will be based on risk-free discount curves determined from US swap nominal yield curves. These risk-free curves are subject to an adjustment in line with the SBA, designed to capture both the sensitivity to interest rates and the degree to which the assets and liabilities are cashflow matched.

Inflation

Expense and unit cost inflation rates will be set by reference to external indicators as at the valuation date.

Non-economic assumptions

Expenses

The cash flow projection used to calculate the BEL takes into account administrative, investment and claims expenses, allowing for future expense inflation. The assumptions for long term maintenance costs are set based on the forecast expenses, suitably adjusted where necessary, and include overhead expenses in line with the approved methodology.

Mortality

Regular investigations of mortality experience against appropriate base tables will be conducted, with the portfolio segmented by groups of contracts that are expected to exhibit similar mortality trends. An investigation is carried out from time to time (typically every three years) to review the fit of the experience to an appropriate base mortality table. In other years, assumptions are compared to the results of the most recent experience investigations and revised where the experience implies a shift that is likely to be due to more than random fluctuation.

The assumption for pensioner mortality will be set as a combination of a base table (i.e., the rate of mortality currently experienced by pensioners) plus future improvements (i.e., how the rates of mortality will change over time).

Risk Margin (RM)

The RM is the cost that would be incurred in holding the non-market risk BSCR necessary to support the insurance and reinsurance obligations over their lifetime, determined using a cost of capital rate. The RM is calculated separately from the BEL. The RM is the present value of the cost of capital required to cover the BSCR for certain defined risks (referred to here as the “RM capital requirement”), to meet adverse deviations on the underlying best estimate cash flows over the full run-off of the business. The RM capital requirement covers underwriting risks and operational risk. Future new business is not allowed for in the RM capital requirement.

The RM is calculated allowing for diversification between the risks within the Company. The discount rate used in the cost of capital calculation is the relevant basic risk-free rate (for RM purposes, a risk-free discount curve prescribed by the BMA is used to discount cost of capital cashflows).

D.3 DESCRIPTION OF RECOVERABLE FROM REINSURANCE CONTRACTS, INCLUDING SPECIAL PURPOSE INSURERS AND OTHER RISK TRANSFER MECHANISMS

Not applicable.

D.4 THE VALUATION BASES, ASSUMPTIONS AND METHODS USED TO DERIVE THE VALUE OF OTHER LIABILITIES

Provisions other than TPs

Provisions other than TPs are valued in accordance with IFRS, at an amount representing the best estimate of the expenditure required to settle the obligation or to transfer it to a third party at the balance sheet date.

D.5 ANY OTHER MATERIAL INFORMATION

None.

E. CAPITAL MANAGEMENT

Particulars regarding an assessment of capital needs and regulatory capital requirements.

E.1 ELIGIBLE CAPITAL

E.1.1 DESCRIPTION OF THE CAPITAL MANAGEMENT POLICY AND PROCESS TO DETERMINE CAPITAL NEEDS FOR BUSINESS PLANNING, HOW CAPITAL IS MANAGED AND ANY MATERIAL CHANGES DURING THE REPORTING PERIOD.

The Company's Board has established risk appetite statements to set the objective for capital management. The Company aims to maintain an appropriate buffer of capital resources over the minimum regulatory capital requirements. The Board sets a quantitative risk appetite for regulatory capital requirements and the Company monitors the capital resources relative to the risk appetite.

The Board is responsible for setting Company strategy.

The Company prepares a five-year business plan which incorporates capital planning and dividend projections, consistent with the Group's business plan, to forecast how the capital position is expected to develop over the business planning period and consider the impact of the strategy on the capital position. Performance against the capital plan is monitored on a regular basis and is used to inform decisions on the capital structure and dividend policy.

E.1.2 A DESCRIPTION OF THE ELIGIBLE CAPITAL CATEGORISED BY TIERS IN ACCORDANCE WITH THE ELIGIBLE CAPITAL RULES

Eligible economic available capital	**2025 US$m**
Tier 1	258
Tier 2	Nil
Tier 3	Nil
Total	258

Source: 2025 BSCR

The Company's available capital consists of issued share capital and retained earnings.

E.2 ELIGIBLE CAPITAL BY REGULATORY LIMITATIONS

The Company has met all of its eligible capital requirements for both ECR and MSM.

E.2.1 CONFIRMATION THAT ELIGIBLE CAPITAL IS SUBJECT TO TRANSITIONAL ARRANGEMENTS AS REQUIRED UNDER THE ELIGIBLE CAPITAL RULES

No transitional arrangements have been applied to Eligible Capital.

E.2.2 IDENTIFICATION OF ANY FACTORS AFFECTING ENCUMBRANCES AFFECTING THE AVAILABILITY AND TRANSFERABILITY OF CAPITAL TO MEET THE ECR

None.

E.2.3 IDENTIFICATION OF ANCILLARY CAPITAL INSTRUMENTS THAT HAVE BEEN APPROVED BY THE AUTHORITY

None.

E.2.4 IDENTIFICATION OF DIFFERENCES IN SHAREHOLDER'S EQUITY AS STATED IN THE FINANCIAL STATEMENTS VERSUS AVAILABLE STATUTORY CAPITAL AND SURPLUS

No differences are noted between the shareholder's equity as stated in the financial statements and the available statutory capital and surplus.

E.3 REGULATORY CAPITAL REQUIREMENTS

E.3.1 AMOUNT OF THE ECR AND MSM AT THE END OF THE REPORTING PERIOD

Bermuda regulatory capital requirements	2025
	US$'m
Minimum Margin of Solvency	8
Enhanced Capital Requirement	0
Enhanced Capital Requirement Ratio	>120%

E.3.2 IDENTIFICATION OF ANY NON-COMPLIANCE WITH THE MSM AND THE ECR

None.

E.3.3 DESCRIPTION OF THE AMOUNT AND CIRCUMSTANCES SURROUNDING THE NON-COMPLIANCE, THE REMEDIAL MEASURES TAKEN AND THEIR EFFECTIVENESS

None.

E.3.4 WHERE THE NON-COMPLIANCE HAS NOT BEEN RESOLVED, DESCRIPTION OF THE AMOUNT OF THE NON-COMPLIANCE AT THE END OF THE REPORTING PERIOD

None.

E.4 APPROVAL OF INTERNAL CAPITAL MODEL USED TO DERIVE THE ECR

E.4.1 DESCRIPTION OF THE PURPOSE AND SCOPE OF THE BUSINESS AND RISK AREAS WHERE THE INTERNAL MODEL IS USED

The Company does not use an approved internal model.

F. SUBSEQUENT EVENT

F.1 DESCRIPTION OF SUBSEQUENT EVENT

On 2 February 2026, the Group completed the disposal of its US insurance entity, including its subsidiary Banner Life, to Meiji Yasuda Life Insurance Company. As part of this transaction, 80% of Banner Life's PRT business has been reinsured into the Company. The premium received for the business was c.US$8bn, along with a tier 1 capital injection of c$600m.

F.2 APPROXIMATE DATE OR PROPOSED TIMING OF THE SUBSEQUENT EVENT

Refer to F.1.

F.3 CONFIRMATION OF HOW THE SUBSEQUENT EVENT HAS IMPACTED OR WILL IMPACT ANY INFORMATION PROVIDED

Refer to F.1.

F.4 ANY OTHER MATERIAL INFORMATION

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

DECLARATION

We, the undersigned, declare that to the best of our knowledge and belief, this financial condition report fairly represents the financial condition of the insurer in all material respects.

DocuSigned by:
Amy Ellison
9DC16EB325D4406...

Amy Ellison, CEO

4/30/2026
Date

DocuSigned by:
Nick Burke
36C7D01386474E3...

Nick Burke, CRO

4/30/2026
Date

G. GLOSSARY

B

Best Estimate Liability ("BEL")
The probability-weighted average of best estimate future cash flows, discounted using the EBS Scenario Based Approach.

Bermuda Monetary Authority ("BMA")
The Bermuda Monetary Authority was established by statute in 1969. It supervises, regulates and inspects financial institutions operating in the jurisdiction. It also issues Bermuda's national currency, manages exchange control transactions, assists other authorities with the detection and prevention of financial crime, and advises Government on banking and other financial and monetary matters.

Bermuda Solvency Capital Requirement ("BSCR")
The BMA's regulatory capital requirement.

C

Commercial Insurer's Solvency Self-Assessment ("CISSA")
Commercial Insurer's Solvency Self-Assessment, a forward-looking assessment of own risks.

E

Economic Balance Sheet ("EBS")
The Economic Balance Sheet represents the regulatory capital balance sheet, comprising Technical Provisions, Assets and Capital Requirements as set out by the BMA regulations.

I

International Financial Reporting Standards ("IFRS")
These are accounting guidelines and rules that companies and organisations follow when completing financial statements. They are designed to enable comparable reporting between companies.

L

L&G Group
Legal & General Group Plc and its global subsidiaries and is the Company's ultimate parent.

Liquidity Coverage Ratio ("LCR")
The measure of exposure to liquidity risk. The LCR is defined as total sources of liquidity divided by total liquidity requirements.

Longevity Risk
Risk associated with increasing life expectancy trends among policyholders and pensioners.

M

Mortality Experience
The observed pattern of deaths in a population relative to expected assumptions, used to assess and monitor longevity risk.

O

Outsourcing Policy
L&G Group's Outsourcing and Essential Supplier Services Policy.

P

Pension Risk Transfer ("PRT")
PRT represents bulk annuities bought by entities that run final salary pension schemes to reduce their responsibilities by closing the schemes to new members and passing the assets and obligations to insurance providers.

PRA
Prudential Regulation Authority was created as a part of the Bank of England by the Financial Services Act (2012) and is responsible for the prudential regulation and supervision of insurance companies in the UK.

R

Risk Appetite
The aggregate level and types of risk a company is willing to assume in its exposures and business activities in order to achieve its business objectives.

Risk Margin ("RM")
The cost of providing funds to cover the Bermuda Solvency Capital Requirements over the lifetime of the associated insurance policies. The approach for calculating the risk margin is prescribed in BMA regulations.

S

Scenario-Based Approach ("SBA")
Scenario-based approach.

T

Technical Provisions ("TPs")
The sum of the best estimate liabilities and the risk margin.