Transamerica Life (Bermuda) Ltd.

Financial Condition Report
for the twelve (12) month period ending 31 December 2024

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Transamerica Life (Bermuda) Ltd. (the “Company” or “TLB”) was incorporated in Bermuda on 27 May 2005 and was registered and licensed as a Long-Term insurer by the Bermuda Monetary Authority on 5 August 2005 under the Bermuda Insurance Act 1978, to carry on insurance business. The Company was registered as a Class E Long Term insurer on December 30, 2011.

1. Business and Performance

(a) Name of Insurer

Transamerica Life (Bermuda) Ltd.

Supervisors

Insurance Supervisor
Bermuda Monetary Authority
BMA House
43 Victoria Street, Hamilton
Bermuda

The Company also has branch offices in Hong Kong and Singapore. Details of the relevant insurance supervisors in those jurisdictions are as follows:

Insurance Authority
19th Floor
41 Heung Yip Road
Wong Chuk Hang
Hong Kong

Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

Group Supervisor
The Company is a member of the Aegon Group of Companies (“Aegon Group”). The Bermuda Monetary Authority is responsible for the supervision of the Company’s ultimate parent, Aegon Ltd. (“Aegon”).

(b) Approved Auditor

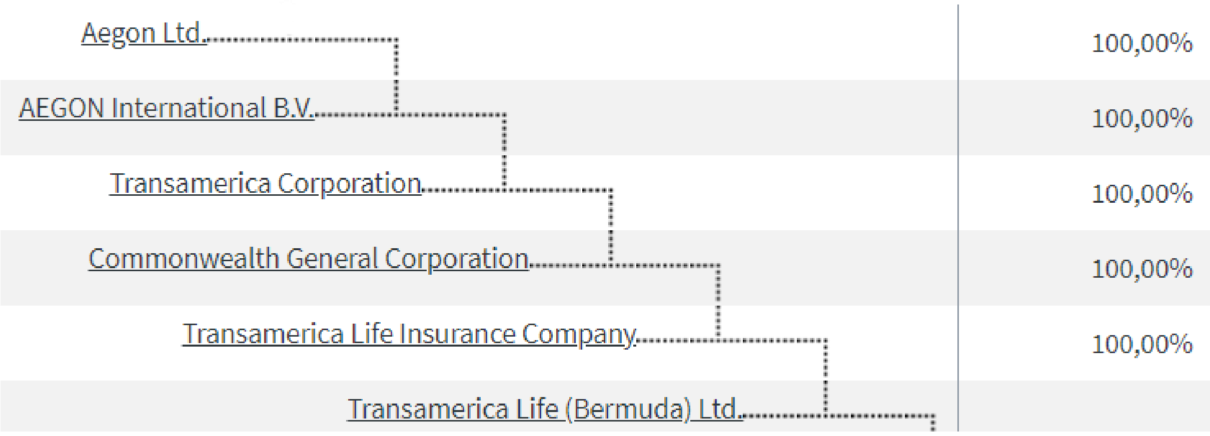
Ernst & Young Ltd.
3 Bermudian Road, Hamilton
HM 08 Bermuda

(c) Ownership Details

The Company is a wholly owned subsidiary of Transamerica Life Insurance Company ("TLIC"). TLIC is a wholly owned indirect subsidiary of Aegon Ltd.

Group Structure

The following chart provides details of the Company in the Aegon Group Structure.



(d) Insurance Business Written by Business Segment and by Geographical Region

The Company specializes in providing life insurance solutions to high-net-worth individuals, families and businesses, via its universal life and term life insurance products. The Company currently operates primarily in the high net worth markets in Asia through local branch offices in Singapore and Hong Kong. In addition, business is also written from Bermuda. All of the Company's current business is direct insurance business.

A breakdown of the premium income for the Company by geographical region and type of business is shown below. Gross Written Premiums are taken from the Statutory Statement of Income.

i. Gross Written Premiums by Geographical Region for the Reporting Period

Region	US$'000 2024	US$'000 2023
Hong Kong	32,624	39,906
Singapore	88,216	84,596
Bermuda	14,465	3,633
Total	**135,305**	**128,135**

The income from gross written premiums has increased in 2024 compared to 2023, due to the increase in demand for Genesis Indexed Universal Life.

ii. Gross Written Premiums by Business Segment for the Reporting Period

Line of Business	US$'000 2024	US$'000 2023
Mortality	134,810	125,671
Deferred Annuities	18	22
Accident and Health	477	2,442
Total	**135,305**	**128,135**

(e) Performance of Investments and Material Income and Expenses for the Reporting Period

i. Investment types held by the Company for the Reporting Period

The Company invests in a combination of government bonds and corporate bonds as well as carefully selected additional asset classes such as asset backed securities and mortgage-backed securities. The Company primarily covers its technical provisions with government and investment grade fixed income securities. Assets are US Dollar denominated in order to match the Company's technical provisions which are predominantly US Dollar denominated. The market value of assets is taken from the Economic Balance Sheet.

Market Value	US$'000 2024	US$'000 2023
Cash	65,139	81,372
Derivatives	7,986	-
Corporate and government bonds	720,568	937,812
Asset/Mortgage-Backed Securities	99,610	68,663
Total	**893,303**	**1,087,847**

As at 31 December 2024, assets with a total value of U$235,034,430 were disposed for dividend payment.

The Company's investment performance, based on the Statutory Statement of Income is shown below.

ii. Investment performance of the Company for the Reporting Period

Investment Income	US$'000 2024	US$'000 2023
Gross investment income	52,821	66,924
Interest on policy loans	52	(122)
Realized (losses) / gains	(8,044)	(6,440)
Investment expenses	(1,147)	(1,491)
Total Investment Performance	**43,682**	**58,871**

Investment income has decreased in 2024 compared to 2023 due to decrease in assets under management.

The Company achieved an average investment gross book yield, before investment expenses, of 5.09% (2023: 4.79%). The average gross book yield is calculated based on the weighted average using the market value of the assets and the gross book yield percentages.

Gross Book Yield %	2024	2023
Government	2.25%	3.18%
Corporate	5.28%	5.01%
Asset-Backed Securities	5.99%	6.02%
Mortgage-Backed Securities	4.07%	3.49%
Average Gross Book Yield %	5.09%	4.79%

iii. Material Income and Expenses for the Reporting Period

The Company’s main sources of revenue are premiums, fees and charges from insurance contracts and investment income.

The Company’s major expense categories are commissions, claims, and operating expenses. Expenses for the reporting period are taken from the Statutory Statement of Income.

	US$'000 2024	US$'000 2023
Surrenders	1,594	3,534
Claims	7,984	1,641
Commissions	43,071	32,173
Operating Expenses	45,481	38,921
Total	**98,130**	**76,270**

2. Governance Structure

(a) Board and Senior Executives

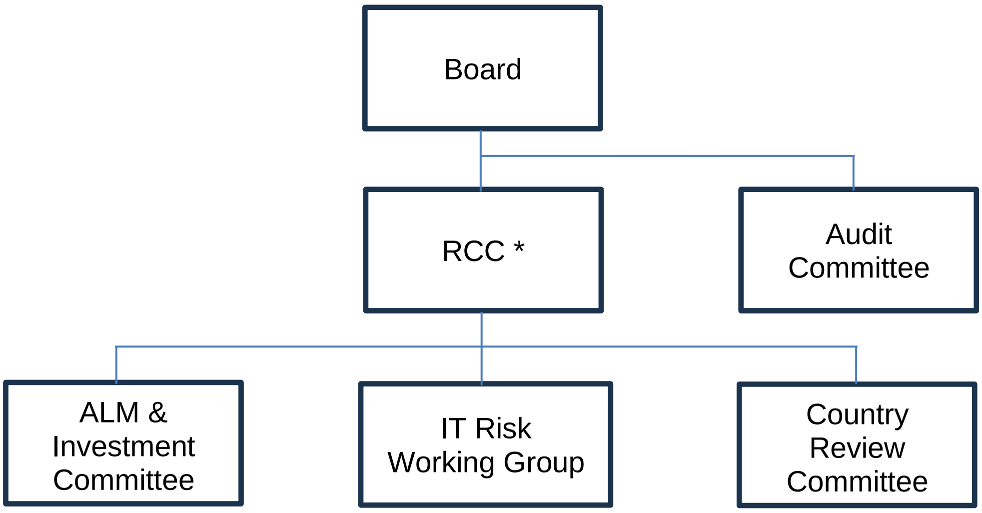
Board and Senior Executive Structure, Role and Responsibilities
The Company's Board of Directors ("Board") is ultimately entrusted with corporate governance by providing general oversight of the effectiveness of the risk management and internal control framework, as well as setting overall strategic direction of the Company.

The Board is comprised of six directors; two of whom are independent non-executive directors. The roles and responsibilities of the Board are outlined in the Company's Bye-Laws and the Board of Directors' Charter. The Board is required to meet in Bermuda at least four times each year, or more often as may be required to fulfil its responsibilities effectively and prudently.

The Board has established an Audit Committee, which has been delegated oversight responsibilities as set forth in its charter. The key responsibilities of the Audit Committee are to (i) ensure the accuracy and reliability of the Company's financial and accounting processes; (ii) oversee compliance with audit, accounting and internal operating controls requirements; and (iii) reviewing and monitoring the Company's legal and regulatory compliance requirements. The Audit Committee is comprised of one director, one independent non-executive director, the Chief Executive Officer of the Company and the Chief Executive Officer of Aegon International B.V. ("Aegon International").

The Company's Management ("Management") is primarily responsible for governance over the day-to-day business of the Company, as delegated by the Board. Management develops and implements the Company's strategic plans, aligning them with the overall goals and objectives set by the Board from time to time. Such alignment is achieved through quarterly business reviews with Aegon International, which includes reports on the effectiveness of controls; operational and financial performance; and compliance and risk metrics. Management is led by the Chief Executive Officer of the Company, who has a direct reporting line into the Chief Executive Officer of Aegon International.

The Risk and Capital Committee ("RCC") and its sub-committees, namely, the Asset Liability Management Investment Committee ("ALMIC"), IT Risk Working Group ("ITRWG") and Country Review Committee ("CRC"), have been established to implement a sound and prudent governance framework. Matters delegated to the RCC and its sub-committees are regularly reported to the Board in accordance with the terms of their respective charters. Set out below is a visual representation of the Company's governance structure.



* The Aegon Group's risk governance structure is comprised of a set of risk and capital committees on different organizational levels: group level, regional level, and at an entity level for the Company. The Company's Risk Management function and committees also have matrix reporting to the Risk Management function at the next organizational level.

The Chairperson of the RCC is the Company's Chief Executive Officer. Key functions of the Company are represented by other RCC members comprising the Chief Operating Officer, Chief Risk Officer, Chief Financial Officer, Chief Executive of the Singapore branch, Head of Legal and Compliance, and Chief Commercial Officer. Material risk decisions made during RCC meetings are brought to the attention of the Board for a formal notification or approval by the Chairperson of the RCC (or his/ her delegate) in accordance with the Board's charter.

The RCC is responsible for overseeing the implementation and compliance of the Company's Enterprise Risk Management ("ERM") framework, including risk governance and measures taken, in order to provide a high-level assurance to the Company's Management that risk taking is in compliance with the defined risk management frameworks, policies, and guidelines. The RCC ensures that risk management is integrated properly into the Company's broader strategy and monitors the Company's overall risk exposure. The RCC also directs and oversees the completion of risk and compliance reports and escalates material risk issues or potential breaches of policies or limits to the next level within the risk governance structure as well as to the Board.

Specifically, the RCC is responsible for the following activities, among others, as documented in its charter, including (i) promoting an appropriate risk management culture; (ii) proposing and establishing overall risk policies and frameworks and manage risks for the Company in line with defined risk strategy and risk tolerance; (iii) supporting decision making and risk-based strategy development; and (iv) providing oversight and ensuring appropriate risk reporting and escalation. The RCC is supported by its sub-committees, namely the ALMIC, ITRWG, and CRC.

The ALMIC is responsible for overseeing and managing risks and profitability issues arising from investing the Company's assets to provide security to its policyholders that its contractual liabilities will be met and attempt to generate adequate returns for the its shareholders, subject to approved risk tolerance and constraints. The ALMIC sets the investment strategy for the Company, which encompasses, among others, (i) approving and monitoring material investment transactions; (ii) establishing appropriate strategic investment benchmark, investment guidelines and asset allocation; and (iii) reviewing credit name limits and exposure. The Chairperson of the ALMIC is the Company's Chief Risk Officer. Other members of the ALMIC include the Chief Executive Officer, Chief Financial Officer, Chief Executive of the Singapore branch, Chief Actuary of Aegon International and Appointed Actuary of the Singapore branch.

The ITRWG is primarily responsible for overseeing and advising on the company-wide IT risk management matters, including (i) providing input regarding the Company's IT risk appetite and tolerance and ensure compliance throughout the Company and by line of business; (ii) assisting in identifying and assessing relevant IT risks and establishing an IT risk management framework to address those risks; (iii) reviewing IT risk report and monitoring IT risk exposure; and (iv) monitoring relevant regulatory requirements and the compliance of those regulatory requirements. The Chairperson of the ITRWG is the Head of IT. Other members of the ITRWG include the Chief Operating Officer, Chief Risk Officer, Chief Executive of the Singapore Branch, Head of Information Security and Data Protection Officer.

The CRC oversees the design and implementation of the Country Review Framework. Its primary responsibilities are to ensure that addition of new countries of residence or material modification to existing rules are within the Company's risk appetite and ensuring that changes are reflected in the relevant documents. The Chairperson of the CRC is the Head of Underwriting, Issuance and Claims. Other members of the CRC include the Chief Operating Officer, Chief Commercial Officer, General Counsel and Chief Risk Officer.

Remuneration Policy and Practices

As a member of the Aegon Group of Companies, the Company follows the Aegon Group's global remuneration framework. The Aegon Group has developed effective remuneration policies that do not induce excessive or inappropriate risk-taking, are in line with its risk-appetite and long-term interests and have proper regard for the interests of its stakeholders. The global remuneration framework includes both base (fixed) compensation and variable compensation. Variable compensation is capped at an appropriate level as a percentage of base pay and varies in accordance with both the Company's and individual's performance. Independent board members receive a flat fee. Employees of Aegon Group receive remuneration according to their roles and responsibilities, including in their capacity as Board Members.

Pension or Early Retirement Schemes for Members, Board and Senior Executives

Employees of the Company, (including employees who are members of the Board or Senior Executives) are offered pension arrangements and retirement benefits. Benefits offered are consistent with the Aegon Group's policies. Employees of the Company participate in pension plans as and when offered in the country in which their employment agreements are constituted.

Material Transactions with Shareholder Controllers, Persons who Exercise Significant Influence, the Board and Senior Executives

No material transactions.

(b) Fitness and Propriety

Fit and Proper Process
The Company appoints members of the Board based on the individual's expertise and work experience as well as professional judgment. Before being appointed, all candidates undergo a rigorous selection process and background screening.

The Company appoints Senior Executives based on individual expertise and work experience relevant for the position. Before appointment, all candidates undergo internal selection process with assessments and inputs from key functional areas. Certain regulated positions (including Chief Executive of Hong Kong and Singapore Branch, Key Persons in Control Functions of Hong Kong Branch, Approved and Appointed Actuaries) must also be approved by local regulators. All candidates are subject to background screening before commencing their employment.

Board and Senior Executives Professional Qualifications, Skills and Expertise
Details of the qualifications, skills and expertise of the Board and the Company's Senior Executives are set out below.

Board

Thomas Grondin – Director, Chairman of the Board
Tom has nearly 30 years of industry related experience as a qualified Actuary, including over 20 years at executive level in various positions, including as Chief Risk Officer for Aegon N.V. from 2003 to January 2016, Chief Financial Officer for Aegon Asia from January 2016 to June 2017 and Executive Chairman for Aegon-Sony Life in Japan from June 2018 to January 2020.

Tom currently acts as a consultant to Aegon (in the Netherlands and Asia) and is a lecturer at the University of Windsor, Ontario. He is also a Fellow of the Society of Actuaries and has a B.A. Honours degree in Mathematics and Statistics from the University of Windsor.

Tibor Leeuwenburgh – Director
With effect from 1 February 2025, Tibor Leeuwenburgh was appointed as a director of the Company. Tibor has over 25 years of international and leadership experience. He joined the Aegon Group in April 2008 and held various executive positions, including Executive Vice President and Head of Corporate Development of Aegon N.V. from 2015 to 2022 and Executive Vice President of Transformation Office of Aegon Ltd. from 2022 to 2024.

Tibor currently serves as the Country Executive in Bermuda for Aegon Ltd. He has a Master of Science degree in Business Economics from Erasmus University.

Bonnie Gerst – Director
Bonnie has over 25 years of experience in insurance finance, regulatory and international capital requirements. She is responsible for capital initiatives, dividend management and reinsurance relationships in the US operations. Bonnie previously worked as a Senior Manager at Ernst & Young from 1990 to 1997 before joining National Travelers Life as the Chief Financial Officer from 1997 to 2000. In 2000, Bonnie became a Vice President and Controller of Transamerica Life and became Head of Capital Strategy in 2016. Bonnie has expertise in reinsurance operations and has served as an interim chief accounting officer

and has also held various leadership positions in regulatory and capital reporting, Solvency II, market consistent reporting, GSII global response team, M&A teams, reinsurance operations, accounting and strategy. Bonnie serves as an officer and director of many legal entities within the Transamerica Group. Bonnie earned a B.S. degree in Accounting, Business Administration from Coe College and has passed the Certified Public Accountant exam.

Marco Keim – Director

Marco began his career with accountancy firm Coopers & Lybrand/Van Dien. He has also worked at aircraft manufacturer Fokker Aircraft and NS Reizigers, part of the Dutch railway company, NS Group. In 1999, he joined Swiss Life in the Netherlands as a member of the Board and was appointed Chief Executive Officer three years later.

Mr Keim was appointed Chief Executive Officer of Aegon the Netherlands and member of Aegon's Executive Committee in June 2008. From 2017 to 2020, Mr Keim headed Aegon's operations on mainland Europe. In January 2020, Mr. Keim was appointed director of the Company and has since been responsible for the International division, which today consists of Aegon's growth business units including Brazil, China, Portugal, Spain and TLB.

Stephen Caton – Independent Non-Executive Director

Stephen Caton, CPA, CA, ED, was appointed as an independent non-executive director of the Company effective 1 February 2024. He is a Chartered Professional Accountant with over 30 years of experience in the financial services industry, complemented by extensive corporate and public sector board expertise.

From 2010 to 2021, Stephen served as Chief Operating Officer of KPMG in Bermuda, where he was responsible for the firm's strategic direction and corporate governance, as well as leadership over finance, innovation, internal operations, and central support services.

Stephen held several senior leadership roles with Citi Hedge Fund Services Limited (formerly BISYS Hedge Fund Services Limited and Hemisphere Management Limited) between 2000 and 2009, including Head of Operations (Bermuda) and Global Head of Quality Assurance.

In addition to his Independent Non-Executive Directorships, Stephen is Chief Adviser to ASK Bermuda Limited, a consultancy firm he founded in 2022. The firm delivers expert business analysis, advisory services, and dedicated operational support to a diverse client base.

Stephen holds a Bachelor of Arts (Economics & Commerce) degree from The University of Western Ontario, Canada. He is also a Member, and former Council and Executive Committee Member, of Chartered Professional Accountants of Bermuda.

Paul Gallagher – Independent Non-Executive Director

With effect from 1 February 2025, Paul Gallagher was appointed as an independent non-executive director of the Company. Paul is an accomplished risk leader working within risk, audit and compliance with a key focus on operational risk. He joined the Aegon Group in 2010 and was the Aegon UK Head of Customer Service Operation Risk in 2010, Aegon UK Life & Pensions Governance & Control Director from 2010 to 2011, and the Aegon UK Enterprise Director from 2011 to 2013 and the Global Head of Compliance and Operational Risk of Aegon Group from 2013 to 2015. Paul was the Life & Pension Director and Chief Risk Officer of Royal London from 2015 to 2021.

Paul has a bachelor's degree in Social Science from Glasgow Caledonian University and is also an associate of The Chartered Institute of Management Accountants.

Senior Executives

Ing Tai Ching – Interim Chief Executive Officer and Chief Financial Officer

Ing Tai Ching joined TLB in July 2019 as the Chief Actuary and subsequently the Chief Financial Officer in December 2022. In addition to his current role, he has been acting as the Interim Chief Executive Officer since October 2024.

He has over 15 years of experience in the life insurance industry across the United States, the Netherlands, and Hong Kong. His experience includes actuarial pricing and valuation, financial reporting, risk management, reinsurance, ALM, and capital management.

Ing holds the Fellow of the Society of Actuaries (FSA), Chartered Enterprise Risk Analyst (CERA) designations from the Society of Actuaries and is also a Chartered Financial Analyst (CFA®) charterholder.

Frankie Chan – Bermuda Approved Actuary

Frankie Chan has over 10 years of working experience in the life insurance industry and joined TLB in Nov 2017. He has experience in different actuarial related area such as various reporting (TEV, value of new business, economic capital, IFRS, HKIO, Bermuda reporting), ALM, reinsurance, assumption review and experience studies.

He graduated from Chinese University of Hong Kong with a bachelors' degree in Insurance, Financial and Actuarial Analysis. He holds the FSA designations from the Society of Actuaries.

Lee Waddle – Chief Risk Officer

Lee Waddle joined TLB as Head of Investment & Asset/Liability Management in February 2021 and has served as the Chief Risk Officer since May 2024.

He has spent most of his career working for Aegon/Transamerica in a variety of roles spanning insurance and asset management and has worked in the United States, the Netherlands, India, and Hong Kong.

Lee is a Fellow of the US-based Society of Actuaries and a Chartered Financial Analyst (CFA®) charterholder.

Brian Chui – Chief Operating Officer

Brian Chui first joined TLB as Chief Risk Officer in 2017. He was subsequently appointed Chief Operating Officer in November 2023 and assumed leadership over Operations, covering New Business, Underwriting, Customer Service and Claims.

He has over 20 years of experience in controls and operation functions.

Brian holds Bachelor of Commerce from University of British Columbia, and professional certifications including Certified Public Accountant (CPA), Fellow, Life Management Institute (FLMI), and Financial Risk Manager (FRM).

Anna Saing – General Counsel
Anna Saing joined TLB in July 2021 as Head of Legal and has been serving as General Counsel since February 2023.

She has over 22 years of post-qualification experience as a lawyer, including over 15 years in the life insurance, reinsurance and pension industries.

Anna holds a Master of Laws in Corporate and Financial Law.

Kees Smalling – Interim Chief Technology Officer
Kees has over 30 years of experience related to Information Technology. He had been with Aegon for 17 years since 2008 and now appointed as the CTO of Aegon International and interim CTO of TLB.

Jeremy Young - Chief Commercial Officer
Jeremy Young joined TLB in January 2021 as Head of Sales and Distribution. He has over 25 years of experience in the life insurance industry, with extensive experience in distribution and marketing. He was appointed Chief Commercial Officer in June 2023, responsible for leading distribution, product strategy, branding, and marketing, as well as the overall proposition development to facilitate growth globally.

Jeremy holds a diploma in Management Studies from the University of Waikato, New Zealand, and a Non-Executive Director diploma through The Financial Times.

Sarah Chan - Chief Human Resources Officer
Sarah Chan rejoined TLB from Aegon Asia in January 2014 as Head of Human Resources and has served as Chief Human Resources Officer since April 2024.

She has over 25 years of experience in the financial services industry. She holds a BA (Hons) in Business Administration from Bournemouth University. Over the years, she has attained several industry-specific qualifications, including Fellow, Life Management Institute (FLMI), Associate, Customer Service (ACS), Associate, Insurance Agency Administration (AIAA), Associate, Insurance Regulatory Compliance (AIRC), and LIMRA Leadership Institute Fellow (LLIF).

Benjamin Chua - Chief Executive, Singapore

Benjamin Chua joined TLB in February 2014 and was appointed as the Chief Executive in January 2021, in addition to his role as Head of Finance for the Singapore branch office.

He is an accomplished finance professional with over 20 years of experience across several industries, including asset management and insurance.

Benjamin is a Chartered Accountant of Singapore.

(c) Risk Management and Solvency Self-Assessment

Three Lines Model

In order to ensure conscious risk-return decision making and to limit the magnitude of potential losses within defined thresholds, a risk management structure has been established based on a 'Three Lines' model.

The Three Lines are: risk owners, risk management, and independent assurance. The application of the Three Lines structure promotes a professional risk management culture where risk management is embedded within the business.

The risk owners are directly responsible for managing and taking risk in accordance with defined risk tolerances and risk policies. This first line embeds risk management into all elements of the Company's value chain as well as in its supporting processes.

The risk management function facilitates and oversees the effectiveness and integrity of the ERM framework across the Company and participates in decision making based on its authority. The role of the risk management function is to advise risk owners, thus resulting in informed decisions.

Finally, the internal audit function, together with the Approved Auditor and audit committee (as the third line), provides independent assurance regarding the effectiveness and integrity of the ERM framework across all the elements of the value chain.

Risk Management Process & Procedures to Identify, Measure, Manage and Report on Risk Exposures

As a member of the Aegon Group, the Company incorporates the Aegon Group's ERM Framework and relevant risk policies, in developing its own policies.

The ERM Framework includes risk strategy and tolerance limits, which lays the foundation for managing risk throughout the Company. A comprehensive set of risk management activities for the key components are undertaken throughout the year. The Company has been able to effectively manage its key risks through the above policies and procedures. The Company reviews its ERM framework and risk policies regularly to effectively manage and monitor the Company's risk exposures. The Company is also implementing risk policy attestation process to confirm the operating effectiveness of the key controls required by our risk policies regularly.

The ERM framework helps ensure that risks are managed at a level which is consistent with the requirements of various stakeholders, including policyholders, regulators and shareholders. This framework sets the boundaries for seeking an optimal risk profile and capital level, taking into account the risk/return characteristics of the Company. The framework also ensures that the Company maintains a solvency and liquidity position such that there is no plausible scenario that would cause it to default on its obligations to its policyholders.

The Company's ERM framework is comprised of various risk policiesand guidelines, including the Asset Liability Management Strategy. This document sets out the risk limits on the mismatch between interest rate sensitivity to the Company's liabilities and those assets used to back those liabilities.

The Company's ERM framework is aligned with Aegon Group's risk management framework to manage risk exposures:

- Identify Risk – the Company's risk universe captures all material risks to which the Company is exposed. The emerging risk process ensures that the risk universe remains up to date. The Company employs various means in order to identify, measure and manage its risks. The tools, processes and methods used are documented in various risk policies, procedures and guidelines, which are included in the Company's ERM framework. Management information is used to identify the key risks to which the business is exposed. Significant risks that could materially affect the Company's financial position or the objectives of the organisation are included in the Company's risk register;

- Measure – The Company uses multiple ways to measure risks, including risk exposures included in the Company's risk register. The impact of risk on various metrics is analyzed including but not limited to regulatory capital, earnings, economic required capital, economic value and liquidity. The Company complements quantitative measures of risk with qualitative risk statements and risk analyses;

- Manage – Each identified and assessed risk is addressed by risk responses of accept, control, transfer and avoid. Any risk that is not accepted will have a specific and realistic action plan with ownership and timelines agreed upon to ensure risk exposure is retained within the Company's risk tolerance; and

- Report – The Company produces a set of risk reports to measure, monitor and manage risk. The reports are designed to cover the broad range of risks as defined in the Company's risk universe. The RCC are informed of all material risk exposures and that such risks have been tracked against the Company's risk guidelines. Breaches of risk limits are escalated to the Board. Risk reports are reviewed on a quarterly basis and, where relevant, are used to identify the key sensitivities to the Company's solvency position as part of testing the capital adequacy of the Company.

As detailed above, the Company's risk management framework is integrated into the Company's systems, processes and procedures via the ERM framework. The Board, RCC, Risk Management function, Internal Audit function as well as external parties (where deemed necessary) review the controls to ensure that controls areoperating effectively.

Relationship between Solvency Self-Assessment, Solvency Needs & Capital, and Risk Management

As part of its annual strategy and business planning process, the Company projects its capital and solvency position over a three year period. Capital and solvency are analysed further through the production of a number of stress and "extreme event" scenarios. The results of the stresses are used by the Company to understand its vulnerability to various events and to identify potential mitigating actions available in such circumstances in the form of management actions. Hence, this process of solvency self-assessment and identification of key risks forms an integrated part of the Company's strategy and business planning processes.

In addition to the annual strategy and business planning processes, the Company also undertakes annual stress and scenario tests as part of the Bermuda CISSA, Hong Kong Own Risk and Solvency Assessment, and Singapore Own Risk and Solvency Assessment. The results of these tests are further used by the Company to understand the material risks to solvency and capital under the Bermuda, Hong Kong and Singapore regulatory regimes. These documents are produced by the Approved or Appointed Actuary in the various countries and presented to the RCC and/or the Board to ensure escalation of issues, if any, in a timely manner.

Due to the structure and multiple regulatory regimes in which the Company is operating, the solvency position under Bermuda, Hong Kong and Singapore statutory requirements is estimated on a quarterly basis and reviewed by the RCC.

Solvency Self-Assessment Approval Process

The approval processes for the various solvency projections and sensitivities are described in the previous section.

(d) Internal Controls

Internal Control System

This section outlines the general principles of the Company's internal control system and of the Risk Management Framework which is a key element of the Aegon Group's internal control system.

The Company has documented signing authority limits and requirements as part of its internal control framework and agreed procedures on the opening of bank accounts. Operating procedures and limits also apply to the Company's bank accounts. The Company has also established robust documented controls over other operating procedures to reduce the potential for fraud risk, as well as money laundering processes and procedures in order to reduce the risk of anti-money laundering. Proper segregation of duties has been established.

The Company has documented internal controls which are performed either internally or through services agreements with affiliates.

The Company has outsourced its internal audit function to Aegon International. The internal audit function audits the Company's internal controls. The Board relies on the internal audit function to perform audits on operating procedures and toreport back to the Board with the results.

The general principles of the Company's internal control system apply to all functional areas. These principles are:

- Compliance with the Aegon Group's Code of Conduct. The Aegon Group Code of Conduct states that all employees will conduct their work in an ethical manner;
- If employees of the Company become aware of or observe fraud, questionable accounting practices, or other unethical behavior they should report it to a member of management, Human Resources or to their local ethics hotline;
- Employees must be instructed regarding sensitivity and confidentiality of Company and policyholder or client information;
- All departments must develop a system of internal control to ensure that the assets and records of the Company are adequately protected from loss, theft, alteration or unauthorised access;
- All departments establish and maintain adequate segregation of duties. Where adequate segregation cannot be achieved, other compensating controls must be established and documented;
- The Company has a business continuity plan in place with a regular update process, and
- Records of the Company must be maintained in compliance with record retention policies and local regulatory requirements.

(e) Compliance Function

The Compliance function is, on behalf of the Board, responsible for the supervision and oversight of the Company acting in a compliant manner, and for proactively advising the Board on all compliance issues. The Compliance function also monitors regulatory changes in relevant jurisdictions and compliance with applicable existing rules and laws. In this context the Compliance function is expected to proactively support the Company's management by highlighting compliance responsibilities and supporting the Company's management in the design and implementation of appropriate controls.

(f) Internal Audit Function

As noted above, the Company has outsourced its internal audit function to Aegon International. The internal audit function assists the Board in protecting the Company's assets, reputation and sustainability by independently and objectively evaluating the effectiveness of internal controls, risk management and governance processes. An annual audit plan is developed using a risk-based methodology. The annual audit plan and any subsequent changes have to be approved by the Audit Committee before taking effect.

The internal audit function executes its duties freely and objectively in accordance with the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Audit including the Code of Ethics, as well as with the Aegon Group's policies and procedures.

(g) Actuarial Function

The Company's Bermuda Monetary Authority Approved Actuary reports directly to the Chief Financial Officer and also has the ability to communicate directly with the Board. The Actuarial function has staff based in Hong Kong and Singapore.

The objectives of the Actuarial function are to:

- Ensure appropriate methodology and best estimate assumptions for the valuation of the Company's liabilities and related items, including procedures that ensure timely review and appropriate level of granularity on an ongoing basis;
- Ensure that insurance liabilities and related items are valued and reported properly, including choice of valuation approach, reflection of uncertainty and management discretion, model set-up and other relevant components of valuation;
- Furnish the Company's Management with actuarial analysis and advice concerning appropriateness of data, assumptions and methodologies used to determine technical provisions and related items including items that are deemed to require future attention; adequacy of reinsurance and coinsurance arrangements; and impact of strategic or management decisions on liabilities;
- Contribute to the risk management function by performing sensitivity testing, scenario analysis, and calculation of capital requirements;
- Support the Company's management in the execution of effective underwriting policies, in particular pricing and product development, by providing expert opinions; and
- Ensure compliance with regulatory (actuarial reporting) requirements, including local actuarial sign-off on adequacy and/or appropriateness of reserves.

(h) Outsourcing

Outsourcing Policy

The Company has an ‘Outsourcing Risk Policy Compliance Guideline’ which aims to ensure that significant arrangements entered into by the Company are subject to appropriate due diligence, approval and on-going monitoring. All material risks arising from these activities are appropriately managed to ensure that the Company is able to meet both its financial and service obligations.

The Company mainly outsources key functions to Aegon-affiliated companies.

Intra-group Outsourcing Arrangements

The Company makes use of several affiliated service companies which perform a range of services for it. These affiliated service companies are fully owned by the Aegon Group. The Company depends on TLIC for actuarial, reinsurance administration and financial reporting support, although the extent of this support is reducing significantly as the Company continues to build independent processes in-house. The Company also leverages Money Services Inc., which provides IT infrastructure support. The Company has outsourced its asset management to Aegon USA Asset Management LLC (“AUIM”). AUIM manages the Company’s investments based on investment mandates.

The Company has also entered into a Services Agreement with the Transamerica (Bermuda) Services Center, Ltd. (“TBSC”) pursuant to which TBSC performs certain management, consulting, advisory, legal and compliance services which are incidental to the conduct of the Company’s business. In addition, and as previously noted, the Company’s Internal Audit function has been outsourced to Aegon International.

3. Risk Profile

General

As an insurance company, the Company is exposed to a variety of risks. The Company's largest exposures are to changes in financial markets (e.g. interest rate and credit risks) that affect the value of the investments and liabilities from products that the Company sells. Other risks include insurance related risks, such as changes in mortality. The Company manages risk based on principles and policies established locally and at the Aegon Group level.

Market Risk

The main investment objective of the Company is to provide investment income sufficient to support the Company's liabilities while preserving its invested capital. Market risk covers both investment risk and mismatch risk.

Investment risk exposure captures the risk that the market value of the Company's investments change. Underlying risk drivers vary with specific investment risk types and are generally related to the ability of the issuing entity to make good on the promises of the investment.

Mismatch Risk captures the risk that arises from assets and liabilities having different sensitivities to interest rates and currency exchange rates. It covers three distinct risk types: interest rate risk, interest rate volatility risk and currency risk.

The Company has established risk policies to manage market risk by setting and monitoring objectives and constraints on investment, diversification and limits on investment in asset allocation, regions, sectors, issuers, and market. The risk policies also cover asset liability matching, liquidity risk, and derivatives use. The Company's ALMIC has the primary responsibility for investment oversight.

Compliance with the investment risk policies is monitored by the Company's investment manager daily and by the ALMIC quarterly. This Committee monitors various investment reports as part of its supervision of the Company's investment activities.

Insurance Risk

Underwriting risk, also referred to as "insurance risk", may arise from deviations in product pricing assumptions. These are typically actuarial assumptions that cover policyholder behaviour and claims. Underwriting risk is the result of both the inaccuracies in projecting liability cash flows over several future time periods, as well as fluctuations in the incidence of claims.

The Board defines the risk tolerance for insurance risk relative to overall risk capacity by setting specific risk limits. The Company monitors risk tolerance exposures and performs stress tests. If these risk monitoring tools fail, specific actions in the Company's capital management plan would be triggered.

The Company maintains documented underwriting processes that cover the assessment of proposals against evidence to support the applications. The processes also ensure that appropriate premium rates are charged based on internal guidelines. These processes are periodically validated by internal quality assurance processes, internal audits and external reinsurer reviews.

The Company also conducts experience studies to determine whether any portfolio experience deviates materially from assumptions. Segments that are evaluated as part of the experience studies may include country of residence, gender, age, risk class, and smoker status. Higher than expected mortality claims may reduce the available capital; if the deterioration in mortality experience is expected to persist, the Company will reflect such changes in the best estimate mortality assumption as appropriate.

Risk Mitigation in the Organisation

The Company monitors risk policy compliance via reports that were developed based on Aegon's ERM Framework. This includes tracking the portfolio, capital markets, and performing various stress tests. The risk reports are reviewed by the RCC regularly and risk limit breaches are escalated to the Board.

Material Risk Concentrations

The Company has entered into an Investment Management Agreement and a Portfolio Management Mandate (together the "IMA") with AUIM, retaining AUIM as its investment manager. The IMA contains investment guidelines that the Company requires AUIM to follow when investing the Company's assets. The investment guidelines identify permissible investments and contain concentration limits by asset classes. The Company's investment portfolio is mainly exposed to interest rate risk, spread risk, and default risk.

Prudent Person Principle

The prudent person principle is in the scope of the Aegon Group's system of governance. The investment mandates which form part of the Company's IMA with AUIM ensure that the prudent person principles are satisfied. Risks on the investment side are reported in risk reporting and also in more detailed reporting done by AUIM. Concentrations in exposures are avoided by setting limits on risk types, by testing extreme scenarios in the budgeting and planning process and by setting single counterparty limits in the Aegon Group Credit Name Limit Policy. The requirements related to the use of derivatives are documented in the Aegon Group Derivative Use Policy. The key principle of that Policy is that the derivative program is documented and used for risk mitigation purposes.

Stress Testing and Sensitivity Analysis to Assess Material Risks

The Company undertakes stress testing in a number of different ways. More details are provided in the earlier section on Risk Management and Solvency Self-Assessment.

4. Solvency Valuation

(a) Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

The Company has used the valuation principles outlined by the Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime" for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (which is the value that would be received upon thesale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date). The fair value principles used for the assets are as follows:

- Cash and Cash Equivalents – includes cash at the bank and money market accounts which are short-term highly liquid investments with original maturities of three months or less.
- Fixed Income Securities – The fair values of fixed income securities are determined by management after taking into consideration several sources of data. When available, the Company uses quoted market prices in active markets to determine the fair value of its investments. The Company's valuation policy utilises a pricing hierarchy which dictates that publicly available prices are initially sought from indices and third-party pricing services. In the event that pricing is not available from these sources, those securities are submitted to brokers to obtain quotes. Lastly, securities are priced using internal cash flow modelling techniques. These valuation methodologies commonly use reported trades, bids, offers, issuer spreads, benchmark yields, estimated prepayment speeds, and/or estimated cash flows.
- Policy loans – The fair value of policy loans is considered to approximate the book value of the loan, which is stated at the unpaid principal balance.
- Accounts and Premiums Receivable – These are recorded at fair value and balances due in more than one year have been discounted at the relevant risk free rate.
- Reinsurance Balances Receivable – These are recorded at fair value and balances due in more than one year have been discounted at the relevant risk free rate.
- Sundry Assets – These are recorded at fair value.

(b) Valuation Bases, Assumptions and Methods used to Derive the Value of Technical Provisions

Technical provisions include a best estimate liability, the time value of options and guarantees, and a risk margin. The standard approach, as set out in the Bermuda Monetary Authority's Guidance Notes for Commercial Insurers and Insurance Groups' Statutory Reporting Regime, is utilised to calculate the Company's technical provisions. The methodology is described below.

<u>Standard approach</u>

- Best estimate liabilities using one risk neutral scenario
- Time value of options and guarantees using stochastic economic scenarios;
- Risk margin calculation using a Cost of Capital approach

Best Estimate Liability
Best estimate liability ("BEL") is the present value of future liability cash flows which are based on best estimate assumptions, which are discounted using the Bermuda Monetary Authority yield curves.

The cash flows taken into account in the valuation are based on current estimates and include:

- Future best-estimate premium payments;
- Benefit payments to policyholders, including an allowance for any discretionary benefits;
- Expenses and commissions;
- Investment costs;
- Payments to and from reinsurers or other providers of risk mitigation; and
- Other cash flow items which are expected to be charged to policyholders or required to settle the obligations.

Time Value of Options and Guarantees
The allowance for the time value of financial options and guarantees is based on stochastic techniques using methods and assumptions consistent with the underlying embedded guarantees. All projected cash flows are valued using economic assumptions such that they are valued in line with the price of similar cash flows that are traded in the capital markets.

Risk Margin
The risk margin is calculated using Cost of Capital approach for the non-hedgeable risks. The cost of holding the required capital is set as prescribed by the Bermuda Monetary Authority and the projected costs are then discounted at the risk free rate that is also prescribed by the Bermuda Monetary Authority. The risk margin is calculated to be US$13,418,000.

(c) Description of Recoverables from Reinsurance Contracts

The calculation of the reinsurance recoverable balances is based on principles similar to the calculation of the gross long term business insurance technical provisions.

(d) Valuation Bases, Assumptions, and Methods to Derive the Value of Other Liabilities

Other liabilities on the Company's balance sheet include insurance and reinsurance balances payable, tax liabilities, amounts due to affiliates, accounts payable and accrued liabilities, and sundry liabilities (advance premium). These liabilities are valued on the same basis as in the Statutory Financial Statements (IFRS).

(e) Other Material Information

No other material information.

5. Capital Management

(a) Eligible Capital

Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes During the Reporting Period.

The Company's primary capital management objectives are to maintain a strong capital base to support the execution of its financial strategy and to meet regulatory capital requirements at all times.

The Company's key financial strategy include:

- Execution of strategic priorities – maintain the allocation of capital towards core businesses;
- Return of capital to shareholders – maintain an attractive capital return in the form of dividends to allow investors to share in the performance of the Company.

The Company recognises the impact on shareholder returns of the level of equity capital employed and seeks to maintain a prudent balance. It strives for an appropriate capital structure that efficiently allocates the risk to the capital. The Company's capital and risk management strategy is annually reviewed and remains largely unchanged since the last reporting period.

To maintain a strong capital base, the Company identifies, assesses, manages, and monitors the various risk sources it faces in the course of business both currently and as anticipated over a three-year planning horizon.

Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules

At the end of the reporting period, all of the Company's $0.6 billion eligible capital in the Economic Balance Sheet was Tier 1, the highest quality capital, consisting of capital stock, contributed surplus, and statutory surplus. The Company has no Tier 2 or Tier 3 Capital as at 31 December 2024.

As at 31 December 2023, all of the Company's $0.8 billion eligible capital in the Economic Balance Sheet was Tier 1, the highest quality capital, consisting of capital stock,contributed surplus, and statutory surplus. The Company has no Tier 2 or Tier 3 Capital.

The various factors causing the decrease in Eligible Capital were:

- Dividends paid to shareholders in 2024,
- Market impact caused by higher interest rates

Offset by:

- Expected contribution from in-force and new business written in 2024

Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the InsuranceAct

At the end of the reporting period, the Company's $0.6 billion eligible capital in the Economic Balance Sheet for its Minimum Margin of Solvency ("MSM") and Enhanced Capital Requirement ("ECR") was all categorized as Tier 1.

Confirmation of Eligible Capital That is Subject to Transitional Arrangements

Not applicable.

Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

Not applicable.

Identification of Ancillary Capital Instruments Approved by the Authority

Not applicable.

Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

The significant difference between Generally Accepted Accounting Principles ("GAAP") shareholder equity and available statutory capital and surplus is the impact of employing statutory-based technical provision valuation techniques in the Available Capital and Surplus calculation.

(b) Regulatory Capital Requirements

ECR and MSM Requirements at the End of the Reporting Period

At the end of the reporting period, the Company's regulatory capital requirements in the Economic Balance Sheet were assessed as follows:

Requirement	US$'000 2024	US$'000 2023
Minimum Margin of Solvency	96,587	113,139
Enhanced Capital Requirement	96,587	113,139

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

The Company was compliant with the MSM and ECR requirement throughout the reporting period.

A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness

Not applicable.

Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance

Not applicable.

(c) Approved Internal Capital Model

Description of the Purpose and Scope of the Business and Risk Areas Where the Internal Model is Used

Not applicable.

Where a Partial Internal Model is Used, Description of the Integration with the BSCR Model

Not applicable.

Description of Methods Used in the Internal Model to Calculate the ECR

Not applicable.

Description of Aggregation Methodologies and Diversification Effects

Not applicable.

Description of the Main Differences in the Methods and Assumptions Used for the Risk Areas in the Internal Model versus the BSCR Model

Not applicable.

Description of the Nature & Suitability of the Data Used in the Internal Model

Not applicable.

Any Other Material Information

Not applicable.

6. Subsequent Events

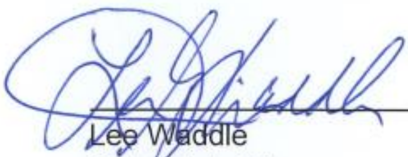
None noted.

7. Declaration

On behalf of the Board of Directors of the Company, we hereby declare that, to the best of our knowledge and belief, this Financial Condition Report fairly represents the financial condition of the Company in all material respects.

By order of the Board of Directors

Ing Tai Ching
Interim Chief Executive Officer



Lee Waddle
Chief Risk Officer