

Canada Life
Assurance Europe plc

Solvency and Financial Condition Report

2025

"Against this backdrop, the role of life insurance, retirement provision, and professional financial advice has never been more essential."



Susan Gibson,
Managing Director
Canada Life Assurance Europe plc

Dear readers,

I am pleased to share with you our latest Solvency and Financial Condition Report.

Our business in Germany continues to demonstrate resilience, financial strength, and a positive outlook, underpinned by consistent performance and reinforced by independent external ratings. In a year marked by continued global uncertainty and muted economic growth domestically, we have remained firmly focused on our purpose – providing long-term financial security for our customers and being a trusted, dependable partner to financial advisers across Germany.

Looking back on 2025, and as we move into 2026, it is clear that we are operating in a world defined by complexity rather than stability. Geopolitical tensions remain unresolved, environmental pressures continue to intensify, and technological progress is accelerating at pace. At the same time, important political developments in Germany during 2025 have helped to stabilise the domestic outlook, with a renewed focus on economic renewal, investment, and long-term competitiveness. Against this backdrop, the role of life insurance, retirement provision, and professional financial advice has never been more essential.

Despite the external challenges, 2025 has been a year of meaningful progress for Canada Life in Germany. The strategic decisions taken over recent years are now translating into tangible outcomes. A renewed focus on our broker relationships, strengthened further through the appointment of our new Chief Distribution Officer, has reinforced our position as a reliable, responsive, and supportive partner for advisers and their clients. At the same time, we have continued to modernise our technology landscape, scaling the use of digital services, automation, and artificial intelligence to improve efficiency, enhance decision-making, and deliver better experiences across the value chain.

We have also continued to renew and expand our product portfolio throughout 2025, enhancing solutions across protection, pensions, and retirement. This reflects our ambition to offer modern, distinctive propositions that help people in Germany manage life's uncertainties, build financial resilience, and approach retirement with confidence. Innovation for us is not an abstract ambition – it is a practical discipline focused on relevance, usability, and long-term value.

Delivering Results

Our business continues to grow steadily, supported by a loyal and engaged adviser base and a balanced spread of premiums across investment, protection, and individual and occupational pensions. We remain focused on empowering advisers to guide their clients towards sustainable financial outcomes. In 2025, this included deliberately positioning Canada Life as a specialist partner in complex advisory areas, such as pension arrangements that deal with divorce, enabling advisers and their clients to deal with the tough challenges that life sometimes brings, and building our relevance and trust as a partner of choice.

"This reflects our ambition to offer modern, distinctive propositions that help people in Germany manage life's uncertainties, build financial resilience, and approach retirement with confidence."

Throughout the year, we further enhanced our digital channels, introduced new features across our core products, and continued to invest in data and analytics capabilities. These advancements are enabling us to operate more efficiently, scale what we do well, and consistently improve the quality of experience for advisers, customers, and colleagues alike.

Sustainability and corporate responsibility remain fundamental to who we are. Our social responsibility in particular, is inseparable from our purpose. We believe deeply in the value of financial advice and in our mission to help more people in Germany access both advice and the solutions that support it. This conviction shapes our strategy, our investments, and our decisions, and it continues to guide how we measure success.

Equally important is our continued investment in our people. Fostering an inclusive, diverse, and continuously developing workforce enables us to better understand the evolving needs of our market and respond with insight and empathy. We remain committed to Diversity, Equity, and Inclusion across the organisation and continue to make progress in this area at leadership level.

In 2025, we were proud to receive external recognition for these efforts, including sustained top-tier customer advocacy, strong financial strength ratings, product innovation awards across multiple segments, and continued recognition as an employer of choice within Germany. In 2025, we were very thankful to be recognised for our efforts:

- Our commitment to supporting our customers and their advisers was acknowledged by being awarded the number 2 ranking for NPS in the Kubus Broker survey – the 10th consecutive year we have been ranked in the top three

"Above all, we remain committed to sustainable growth that balances security, innovation, and long-term value for all stakeholders."

- CLE also retained its AA rating (very strong) for the fourth year running with Stable Outlook from Assekurata, which ratifies our financial strength and outlook
- We were honoured to receive recognition with our first five-star Morgen and Morgen rating for our occupational disability protection
- We received market recognition across our product range for innovative propositions. For example:
  - AssCompact 1st Place for Broker Service for Company Pensions bAV
  - Insurance Product of the Year for BU Occupational Disability Product
  - Insurance Innovation Award for the new FKP Retirement Products
- As a people-business, we again received recognition by Kununu for Top Company and Employer of the Future, and in addition we received the Diversity award from the FAZ Institute, which belongs to one of Germany's leading media companies

Looking Forward

As we reflect on the achievements of 2025, our focus is firmly on the future. Marking our 25th anniversary in the German market provided an important moment to reflect on what has underpinned our success to date: strong partnerships, innovative products, financial discipline, and a consistent focus on excellence. More importantly, it sharpened our ambition for the years ahead.

As part of the Great-West Lifeco group, one of the world's leading financial services organisations with a 175-year heritage, we benefit from global scale, deep expertise, and long-term perspective – critical supports in a transforming world. This combination of local market focus and global strength positions us well to continue growing sustainably in Germany while remaining resilient in an increasingly volatile world.

Looking ahead, we enter the next chapter with a renewed sense of momentum. Supported by an energised Executive Team, clearly defined strategic priorities, and a strong capital position, we will continue to focus on scaling what works – accelerating product innovation, expanding digital services, enhancing end-to-end journeys, deepening strategic partnerships, and extending our reach in the market. Above all, we remain committed to sustainable growth that balances security, innovation, and long-term value for all stakeholders.

In conclusion, 2025 has been a year of renewal, growth, and continued strategic evolution for Canada Life in Germany. As we look forward with confidence, we remain steadfast in our mission to help more people access advice and the solutions that enable it, while delivering outstanding service and expertise to every adviser and customer we serve. We thank you for your continued trust and support and look forward to shaping the future together.



Yours sincerely,
Susan Gibson
Managing Director,
Canada Life Assurance Europe plc

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SUMMARY

This report sets out the solvency and financial condition of Canada Life Assurance Europe plc, ("Canada Life Europe", "the Company") for 2025 in line with the EU-wide Solvency II regulations. It also defines our corporate principles, organisational structure and various functions.

Introduction



Our Parent Group

Canada Life Assurance Europe plc is a member of the Great-West Lifeco Inc. Group (GWL), one of the world's leading life assurance organisations. Great-West Lifeco Inc. Group has grown into one of the largest and financially strongest international providers of life insurance. We are a wholly owned subsidiary of The Canada Life Assurance Company, which was founded in 1847 and is the oldest Canadian life assurance company. Since 2003, Canada Life has been a part of the Great-West Lifeco Inc. In early 2020, the three traditional brands in Canada, Great-West Life, London Life and Canada Life, were combined under the name Canada Life. The group as a whole has more than 40 million customers worldwide.



Our Company

Canada Life Assurance Europe plc has been operating in Germany since the year 2000. We draw on the international experience and know-how of our parent company to implement innovative insurance products and solutions in Germany. We have, for example, established both essential ability insurance and critical illness cover in the market, as well as high-performing Unitised-With-Profit (UWP) products to provide for people in their old age.

Our gross revenue premiums were €1,041 million in the year ending 31 December 2025 (€1,011 million in 2024). We are one of the leading companies acquiring new business in the broker market in Germany.

Our customers come to us through our business partners, who are independent brokers, multi-tied agents and banks. Our business partners give their clients access to professional advice, a wide range of financial service providers and their products. To help them sell our products, we support them with accredited training that capitalises on our in-depth industry knowledge. We are convinced this is the best way to give our customers local advice and care that meets their needs.



An increasing number of private and corporate customers in Germany every year trust us with their protection needs and to provide for their old age. We have 625,259 policies in force as at 31 December 2025 (619,892 as at 31 December 2024). Our flexible and high-performing products, as well as our excellent service throughout the entire term of the contract, contribute significantly to the financial security of our customers.

In 2025, the German insurance rating agency Assekurata confirmed our financial strength as very strong with a stable outlook (AA). The excellent financial strength of our Canadian parent company, The Canada Life Assurance Company, (a subsidiary of Great-West Lifeco Inc.) is repeatedly confirmed by leading rating agencies.

As an international company, we profit from the diverse know-how of our employees. We have 737 employees in Ireland and Germany looking after the interests of our customers and business partners. We are proud of our employees and the high degree of loyalty and commitment they have to our customers and business partners.



Our Sustainable Approach

We help clients build stronger and more financially secure futures.

We've built our business around thinking generations ahead. Our business activities can assist in creating positive, lasting change whether by investing for long-term returns, operating in a sustainable way or by expanding the diverse perspectives which shape our company for the future.

We hold that sustainable business practices can help drive long-term value creation for our clients, policyholders, shareholders, and other stakeholders.



Our Values

Our values are the guiding principles for our employees. They put the customer in our focus. We want to offer them a better way to live well and to be financially independent. This is only possible if everyone feels committed to the same values and acts accordingly. That is why we demand and promote an open and performance-oriented corporate culture. We communicate our values to every employee at Canada Life from the very beginning and provide targeted support to them, so they can actively live the values and contribute according to their own strengths. The common values help us to regularly reflect on and adapt the way we operate.

- Our operations are transparent, fair, forward-thinking, risk-conscious and sustainable for the benefit of our customers, business partners and employees.
- We consistently pursue our goal of being a high-performance insurance partner. Whenever it makes sense, we also take new and unusual paths in order to offer our clients the best possible protection for a good life.
- We do not stand still, but we are constantly working on our abilities. And we are ready to go the extra mile for our clients and business partners.
- Our brand promise is 'My life, better insured'. In CLE we work together as a team to fulfil that promise. Because our customers and business partners not only trust us to give them good advice and find the right cover with us, but also to be able to rely on us at all times during the course of a long partnership. This is only possible if everyone feels committed to the same values and acts accordingly.



Purpose of the Solvency and Financial Condition Report

This report will help you better understand the regulatory capital and financial position of Canada Life Assurance Europe plc. It covers our business performance, system of governance, risk profile and Solvency II balance sheet valuation.

Summary Highlights

We have detailed our financial performance – which was influenced by market conditions, premium inflow and claims outflows – in section A, Business and Performance.

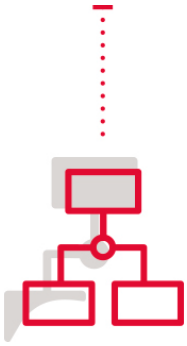
At the end of 2025, under the Solvency II regime, we reported solvency capital of €785m, which is above the €469m Solvency Capital Requirement (SCR).

We calculate our SCR using the Standard Formula set by the European Insurance and Occupational Pension Authority (EIOPA). We control and report solvency capital in line with the capital management and metrics detailed in section E.

Summary of our capital position in € million

	€m Year End 2025	€m Year End 2024
Tier 1 – unrestricted		
Issued share capital	7.0	7.0
Reconciliation reserve	777.6	890.9
Other	0.0	25.0
Tier 1 – unrestricted	784.6	922.9
Available own funds (before foreseeable dividends and adjustments)		
Foreseeable dividends, distributions and charges	0.0	-25.0
Total available own funds to meet the SCR	**784.6**	**897.9**
Tier 1 – unrestricted	784.6	897.9
Tier 1 – restricted	0.0	0.0
Eligible own funds to meet SCR	**784.6**	**897.9**
Solvency Capital Requirement (SCR)	469.4	499.5
Solvency ratio	**167.1 %**	**179.7 %**
Minimum Capital Requirement (MCR)	211.2	224.8
Eligible own funds as a percentage of MCR	**371.4 %**	**399.4 %**

Note: all tables in this document are presented in millions and may be subject to rounding adjustments. As a result, individual amounts may not sum precisely to the totals presented.



Governance Process for Solvency II Returns

We created a specific Solvency II governance process to help the board verify the accuracy of our quantitative and qualitative returns to the Central Bank of Ireland. This process drew on:

- our own subject matter experts
- our wider corporate group (particularly group companies that fall under these regulations)
- external companies.

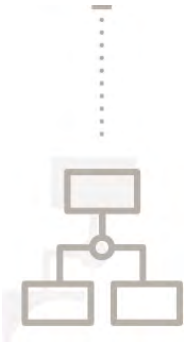
The process was also:

- overseen by our senior executive and management teams
- reviewed by both internal audit and external accounting firms during its initial development and while we were putting it into action.

Our Solvency II governance process is well established.

Governance structure

You can find full details of our corporate structure governance in section B.



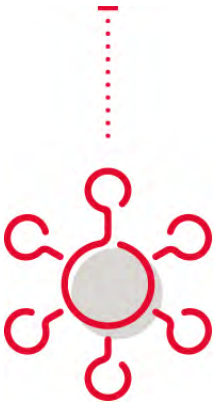
Risk management model

We manage risk using a 'three lines of defence' model.

- **First line of defence**: our business units are the ultimate owners of our risk. Primarily responsible for day-to-day operations within our Enterprise Risk Management (ERM) framework, they identify, measure, manage, monitor and report risk.
- **Second line of defence**: our oversight functions include the Risk Function, Compliance Function, Actuarial Function and Finance Function. The Risk Function oversees the ERM framework and uses it to check on whether the requirements of the first line of defence were met.
- **Third line of defence**: our Internal Audit Function carries out independent risk assessments of our ERM framework and the oversight provided by the second line of defence.

You can find out more about our risk management in section B.3.

Risk Profile



Section C outlines our risk profile. It details how we operate with a board-approved risk appetite that aligns with our business strategy.

We embrace Solvency II's Own Risk and Solvency Assessment (ORSA) process as a key part of our risk management system. We use ORSA to evaluate our risk profile and solvency position in relation to our current and future business operations, strategy and plan. It has become a key tool in our decision-making process (for more details on ORSA, see section B.3.6). We submitted our 2025 ORSA report to the Central Bank of Ireland, following board approval, on 27th November 2025.

Summary of the Solvency Capital Requirement as at 31 December 2025 and 31 December 2024 in € million

	2025	2024
Market risk	118.6	163.1
Counterparty risk	42.5	44.0
Life underwriting risk	349.1	351.1
Health underwriting risk	239.7	227.9
Diversification benefits	-214.2	-231.8
Post diversification	**535.7**	**554.4**
Operational risk	37.7	37.0
Loss absorbency	-104.0	-91.9
Total SCR	**469.4**	**499.5**



Valuation

Section D contains an analysis of our asset and liability valuations according to the Solvency II balance sheet requirements. We prepare our annual audited financial statements under Financial Reporting Standards (FRS), applicable in the UK and Republic of Ireland. Any significant valuation differences between FRS and Solvency II non-technical provision assets and liabilities are set out in sections D.1 and D.3.

Section D.2 details the methods we use to value technical provisions. These methods have been externally peer-reviewed, and assessed and approved by our board.
The Canada Life Assurance Europe plc board reviewed and approved this report on 25th March 2026.

A

Solvency and Financial Condition Report

Business and Performance

canada life™

This section describes our organisational structure and financial performance over the last financial year.

A.1. Business

Canada Life Assurance Europe plc is a public limited company. We are incorporated in the Republic of Ireland and our company registration number is 297731. Our registered office is:

→ **Canada Life Assurance Europe plc**

14-15 Lower Abbey Street
Dublin 1
Ireland.

→ **We are authorised and regulated by the Central Bank of Ireland**

Central Bank of Ireland
P.O. Box 11517
New Wapping Street
North Wall Quay
Dublin 1
Ireland.

Effective January 1st 2021, following the departure of the UK from the EU, the Company's immediate parent company, Canada Life Irish Holding Company Limited, is the Group Solvency II holding company in Ireland which is regulated by the Central Bank of Ireland.

→ **We are part of the Canada Life Group (UK) Limited (CLG) which is regulated by the Prudential Regulation Authority (PRA)**

Prudential Regulation Authority
20 Moorgate
London EC2R 6DA
United Kingdom.

→ **Our external auditors are Forvis Mazars, Chartered Accountants and Statutory Audit Firm**

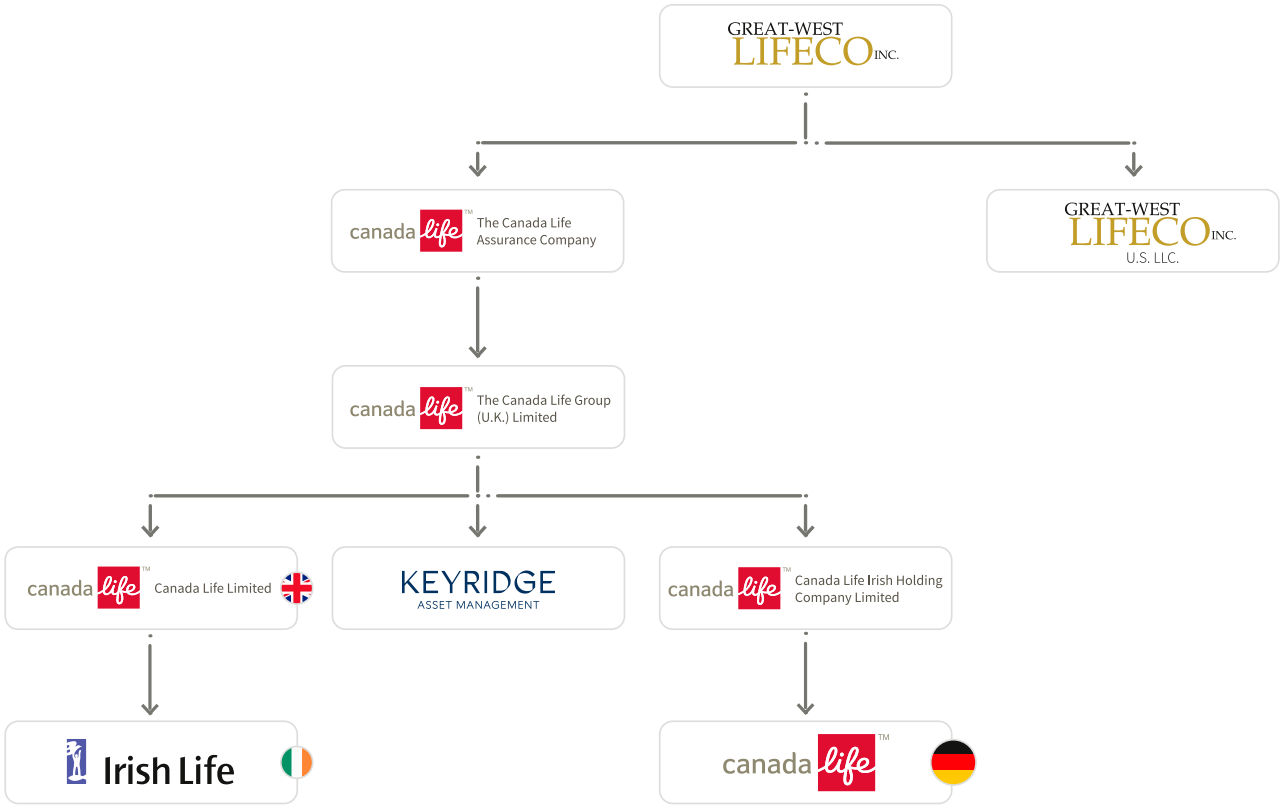
Forvis Mazars
Chartered Accountants and Statutory Audit Firm
Block 3, Harcourt Centre, Harcourt Road
Dublin 2
Ireland.

Company organisational overview

Canada Life Assurance Europe plc is a member of the Great-West Lifeco Inc. Group (GWL), one of the world's leading life assurance organisations. We are a wholly owned subsidiary of The Canada Life Assurance Company which was founded in 1847 and is the oldest Canadian life assurance company. Canada Life is itself a subsidiary of Great-West Lifeco Inc, a leading Canadian insurer with interests in life insurance, health insurance, investment, retirement savings and reinsurance. It operates mainly in Canada, the US and Europe.

Great-West Lifeco Inc. and its subsidiaries, including The Canada Life Assurance Company, had around $3.55 trillion Canadian dollars in consolidated assets under administration as at 31 December 2025. They are members of the Power Financial Corporation Group of companies. Great-West Lifeco Inc. is incorporated in Canada and listed on the Toronto Stock Exchange.

Simplified organisational structure for the Great-West Lifeco Inc. Group



Hinweis: vereinfachte Darstellung

Canada Life Assurance Europe plc carries out life assurance and pension business in the German market. We do not operate in any other market. We were authorised as an insurance provider in July 2000 and sell exclusively through brokers, multi-tied agents and banks. We have established a leading position among providers of products to the German independent intermediary market and are among the top providers through continuous product, technology and service improvements. German insurance providers have been moving to offer hybrid and lighter guarantee products which provides increased competition in the Canada Life product categories.

We aim to strengthen our presence further in the unit-linked and UWP market by continually investing in product development, distribution technology and service improvements. We are also focused on maintaining our strong record of legal and regulatory compliance, including responding to emerging regulatory requirements around corporate governance standards, risk management and consumer protection.

A.1.1. Significant business and other events

We have no extra information to disclose.

A.2. Underwriting performance

For the year ending 31 December 2025, we reported underwriting performance, including investment income, of €12m (2024: €-11m), plus details of our premiums, claims and expenses split by Solvency II lines of business (life assurance). We disclosed this performance in the Quantitative Reporting Template (QRT) S.05.01.02 which is in the appendix.

The underwriting result, which also represents the balance on the technical account under FRS reporting standards, can vary from year to year based on a number of factors. The 2025 result of €12m increased from prior year largely due to increases in interest rates in 2025, which reduced technical provisions. The result was also impacted by asset liability matching actions, lower financial reinsurance repayments, and model and assumption updates.

The company remains financially very strong as indicated by the quantum and growing level of eligible own funds (€784.6m) we hold to meet the solvency capital requirement of €469.4m, and separately under the financial reporting standard, the €179.6m of Shareholder Funds held on our balance sheet as at the end of 2025.

Our Solvency II lines of business are:

- health insurance (which comprises of income protection, standard critical illness, essential abilities)
- insurance with profit participation (which comprises of Unitised-With-Profits)
- index-linked and unit-linked insurance (which comprises of variable annuity and critical illness as well as other unit-linked products)
- other life insurance (which comprises of term life insurance and standard annuities)

Further detail on the Solvency II lines of business can be found in section D.2.2.

Our underwriting performance relates entirely to the German market.

Analysis of our underwriting results for 2025 by Solvency II lines of business in € million

Underwriting Performance (net of reinsurance)	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
Premiums earned	25.1	548.5	129.4	82.4	**785.4**
Claims	-1.0	-344.6	-177.6	-14.7	**-537.9**
Changes in technical provisions	-0.4	-298.7	-151.8	-44.5	**-495.4**
Expenses incurred	-31.2	-111.7	-23.3	-5.6	**-171.8**
Investment return	0.0	210.8	220.5	0.0	**431.3**
Underwriting result	**-7.5**	**4.3**	**-2.8**	**17.6**	**11.6**

Analysis of our underwriting results for this year and previous year by Solvency II lines of business in € million

Underwriting Performance (net of reinsurance)	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
2025	-7.5	4.3	-2.8	17.6	**11.6**
2024	-19.6	32.0	-5.8	-17.5	**-10.9**
Variance	12.1	-27.7	3.0	35.1	**22.5**

Underwriting performance this year compared with last year

Our underwriting performance in 2025 was €11.6m which increased from the €-10.9m result for 2024.

The key driver of the year on year variance is increases in interest rates in 2025.

Reconciliation between the underwriting result and FRS profits for 2025 and 2024 in € million

	2025	2024
Underwriting result	11.6	-10.9
Other income (expense) [1]	8.8	2.6
Tax	0.4	-2.6
Profit as per FRS financial statements	20.8	-10.8

(1) Other income/expenses relates to non technical investment income.

A.3. Investment performance

A number of key factors govern how we invest shareholders' funds. Chief among these are liquidity and solvency considerations, including compliance with regulatory rules and guidelines. We also take into consideration the Company dividend policy and other relevant items.
Our analysis of the investment income below is in line with the statutory FRS financial statements for the financial year ended 31 December 2025.

A.3.1. Non-linked Investments

Net investment income on non-linked investments was a profit of €9.1m (2024: €4.1m). This is gross of management fee revenue sharing. We received no dividend income or rental returns in 2025 as there was no non-linked investment in equities or property during the year. Our investment expenses were not material for either 2025 or 2024 and relate primarily to bonds. The following tables show non-linked income for 2025 and 2024 split by asset class.

Income split by asset class (S.09.01 format) for 2025 in € million

Asset class	Dividends (€'M)	Interest (€'M)	Rent (€'M)	Net gains and losses (€'M)	Unrealised gains and losses (€'M)	Total (€'M)
Cash and deposits	0.0	0.0	0.0	0.0	0.0	**0.0**
Government bonds	0.0	1.6	0.0	1.4	0.9	**3.9**
Corporate bonds	0.0	2.3	0.0	0.5	1.6	**4.4**
Collateralised securities	0.0	0.0	0.0	0.0	0.0	**0.0**
Collective investment undertakings	0.0	0.2	0.0	0.2	0.3	**0.7**
Total	**0.0**	**4.2**	**0.0**	**2.2**	**2.8**	**9.1**

Income split by asset class (S.09.01 format) for 2024 in € million

Asset class	Dividends (€'M)	Interest (€'M)	Rent (€'M)	Net gains and losses (€'M)	Unrealised gains and losses (€'M)	Total (€'M)
Cash and deposits	0.0	0.1	0.0	0.0	0.0	**0.1**
Government bonds	0.0	0.1	0.0	0.9	0.8	**1.9**
Corporate bonds	0.0	0.3	0.0	0.7	0.7	**1.7**
Collateralised securities	0.0	0.0	0.0	0.0	0.0	**0.0**
Collective Investment Undertakings	0.0	0.2	0.0	0.0	0.2	**0.4**
Total	**0.0**	**0.7**	**0.0**	**1.6**	**1.7**	**4.1**

Non-linked investment performance this year compared with last year

In 2025 our non-linked investment performance was €9.1m compared with €4.1m for 2024. The net investment profit of €9.1m was primarily driven by net realised gains and unrealised gains of €2.2m and €2.8m respectively (2024: €1.6m and €1.7m).

A.3.2. Linked investments (unit-linked and UWP)

Our net income from linked investments was €430.1m (2024: €890.6m). This included capital gains and is gross of investment expenses. It was made up as follows:

· €343.4m from equities
· €15.4m from corporate bonds
· €-67.9m from government bonds
· €115.7m from collective investments
· €23.4m from other categories (cash, mortgages and deposits)

Our other net investment income included investment expenses for 2025 €4.0m (2024: €2.5m).
Our Investment expenses can be broken down as follows:
· €3.2m (2024: €1.8m) was linked to securities; specifically equities. collective investment undertakings (€0.0m; 2024: €0.0m) and derivatives (€0.0m; 2024: €0.0m)
· €0.8m (2024: €0.7m) was not linked to securities. This was mainly custody fees and other levies applied not related to a specific asset category.

The following tables show the income for 2025 and 2024 generated by each asset class.

Income split by asset class (S.09.01 format) for 2025 in € million

Asset class	Dividends (€'M)	Interest (€'M)	Rent (€'M)	Net gains and losses (€'M)	Unrealised gains and losses (€'M)	Total (€'M)
Cash and deposits	0.0	12.7	0.0	0.0	-1.4	**11.3**
Government bonds	0.0	33.3	0.0	-1.5	-99.7	**-67.9**
Corporate bonds	0.0	52.0	0.0	0.2	-36.7	**15.4**
Equity	80.4	0.0	0.0	387.7	-124.7	**343.4**
Collective investment undertakings	15.7	0.0	0.0	1.3	98.7	**115.7**
Mortgages and Loans	0.0	1.3	0.0	0.0	0.9	**2.2**
Futures	0.0	0.0	0.0	6.0	0.6	**6.6**
Put options	0.0	0.0	0.0	1.4	0.0	**1.4**
Call options	0.0	0.0	0.0	1.8	0.0	**1.6**
Forwards	0.0	0.0	0.0	0.4	0.0	**0.4**
Total	**96.1**	**99.3**	**0.0**	**397.2**	**-162.5**	**430.1**

Income split by asset class (S.09.01 format) for 2024 in € million

Asset class	Dividends (€'M)	Interest (€'M)	Rent (€'M)	Net gains and losses (€'M)	Unrealised gains and losses (€'M)	Total (€'M)
Cash and deposits	0.0	22.6	0.0	0.0	1.2	**23.8**
Government bonds	0.0	29.7	0.0	-1.3	-17.0	**11.4**
Corporate bonds	0.0	42.8	0.0	-4.5	17.7	**56.0**
Equity	73.1	0.0	0.0	119.5	310.8	**503.4**
Collective investment undertakings	33.4	0.0	0.0	25.2	237.7	**296.3**
Mortgages and Loans	0.0	1.2	0.0	0.0	1.3	**2.5**
Futures	0.0	0.0	0.0	0.2	0.0	**0.2**
Put options	0.0	0.0	0.0	-1.3	-1.6	**-2.9**
Call options	0.0	0.0	0.0	0.7	0.0	**0.7**
Forwards	0.0	0.0	0.0	-0.8	0.0	**-0.8**
Total	**106.5**	**96.3**	**0.0**	**137.7**	**550.1**	**890.6**

Linked investment performance this year compared with last year

Our linked investment performance was €430.1m compared with €890.6m for 2024. The decrease was mainly because of:

- reduced Corporate/Government Bond income of €119.9m (2025: -€52.5m, 2024: €67.4m). Bond markets experienced volatility throughout the year with a divergence in performance between US and European sovereign bonds. Despite initially rising post Liberation Day on fears of rising inflation, US yields ended the year down as growth slowed on the back of the tariffs, the Fed resumed rate cuts and the rise in inflation was less than initially expected. US 10-year yields were down 40bps to 4.17%.

- reduced Equity income of €-160.0m (2025: €343.4m, 2024: €503.4m) and reduced Collective Investments income of €-180.6m (2025: €115.7m, 2024: €296.3m). Net realised gains from equities and collective investment undertakings increased (2025: €389.0; 2024: €144.7m). Global equities had another strong year in 2025, rallying by 20.2% in local currency terms (8.3% in €).

Reconciling our investment performance with the Financial Reporting Standard (FRS) investment results

Reconciliation between the investment performance analysed in section A.3 and FRS investment results for 2025 and 2024 in € million

	2025	2024
Non-linked investment income	9.1	4.1
Linked investment Income	430.1	890.6
Investment Income as in SFCR A.3 (S.09.01 format)	**439.2**	**894.7**
Other FRS Investment Income (non S.09.01) [1]	0.9	1.4
Investment income as in FRS financial statements [2]	**440.1**	**896.1**

(1) Other FRS Investment Income (non S.09.01) includes items such as commission rebate income and securities fees not meeting the criteria for inclusion in the S.09.01.

(2) Investment Income per technical account plus Investment Income per non-technical account.

A.3.3. Other information

We did not hold investments in off balance sheet securitisation vehicles during the financial year. We did not recognise any direct equity gains or losses in 2025 or 2024.

A.4. Performance of other activities

We have operating lease obligations of €11.7m at the end of the financial year (2024: €13.6m) relating to lease assets. Please see details on Section D.1. Assets and D.3. Other liabilities. We had no finance leases during the financial year.

We have no other significant income or expenses to report for either 2025 or 2024.

A.5. Any other information

We have no other information to disclose.

B

Solvency and Financial Condition Report

Systems of Governance

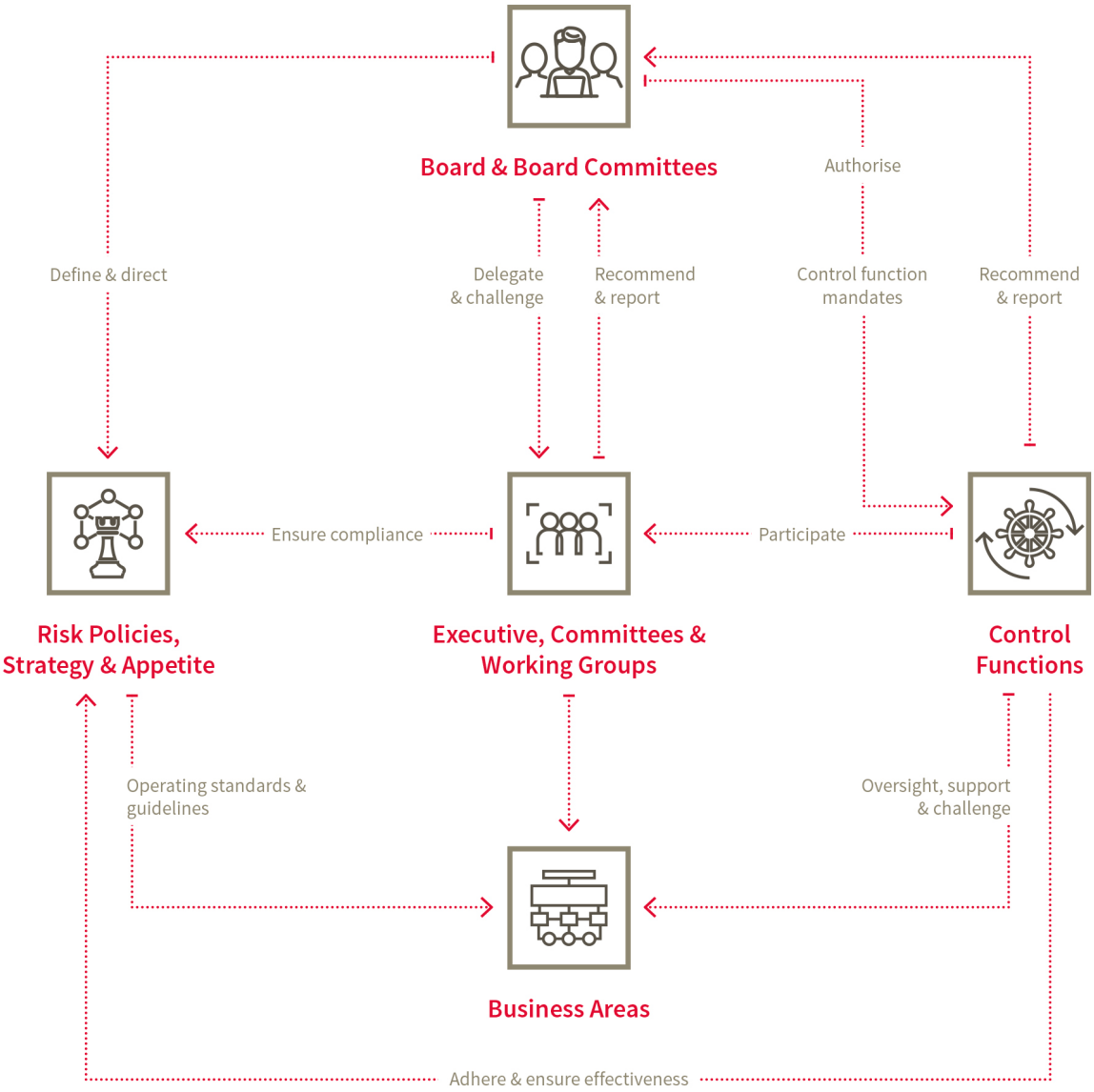
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Section B is an account of the structures, systems and processes we have put in place to manage our operations and risks over the last financial year. Our aim is always to balance the interests of all our stakeholders.

B.1. General information

B.1.1. Our governance structure

Governance map



Bottom up: reporting and escalating business and risk issues.

Top down: communicating and guiding policy and decisions.

Board of Directors

Our board is responsible for the governance and oversight of all Canada Life Assurance Europe plc's risks and operations. It makes all our strategic decisions. It also:

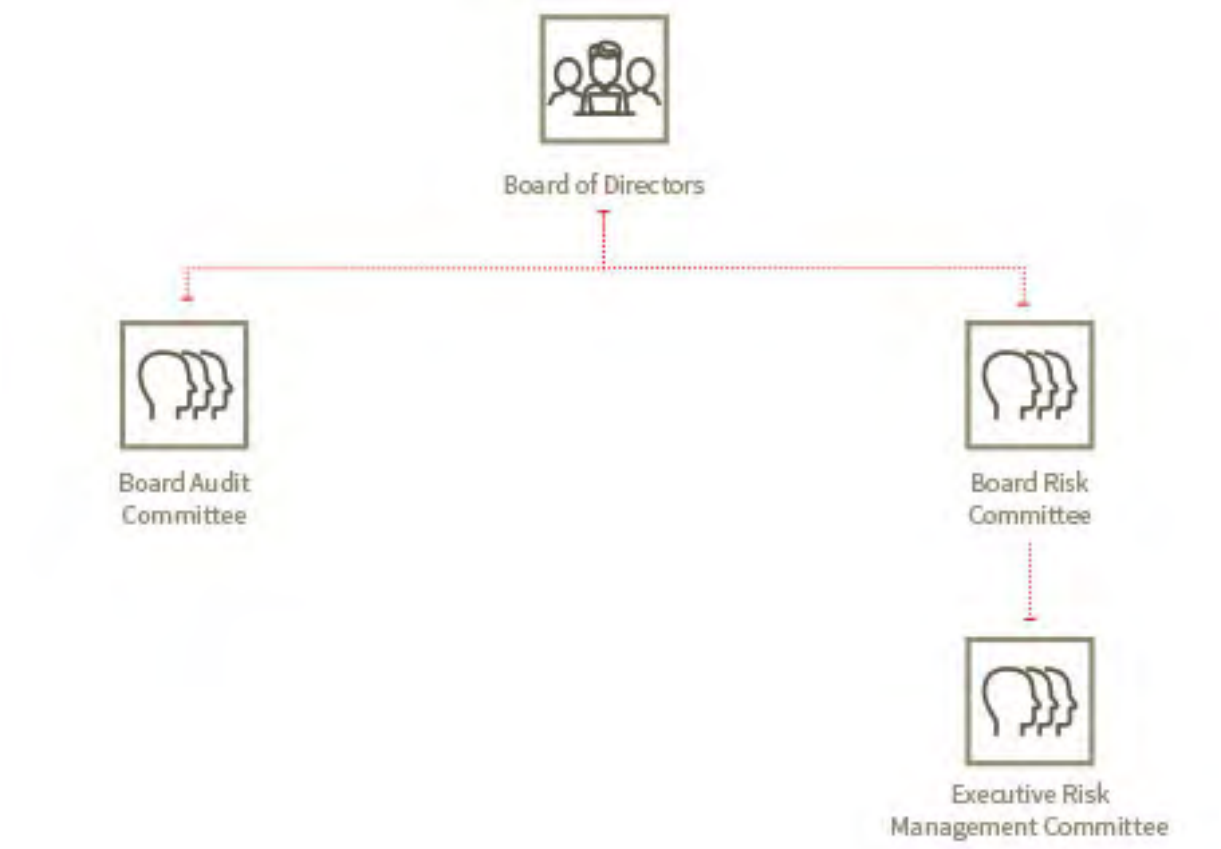
- oversees the implementation of our business strategy
- establishes our organisational structure with clear authority levels and reporting responsibilities
- sets and oversees an effective internal control framework for us
- determines our Risk Policies including our risk tolerance limits
- establishes our governance environment and culture for financial reporting, risk, compliance and control management

- **Executive management team**

Our management team is led by our Managing Director. It is in charge of our day-to-day activities and develops our business plans, strategies and annual budgets.

Governance committees chart

The chart shows the Governance structures in place during 2025 and board-level committees which are attended by the directors of the company. The executive level committees help the board-level committees.



Note: The Remuneration Committee and the Nomination and Governance Committee, which are not displayed in the graph above, are constituted at the level of the Canada Life Irish Holding Company Limited, our Group Solvency II holding company in Ireland. The membership of these committees includes some directors other than those of Canada Life Assurance Europe plc. We rely on these committees, as permitted under the Corporate Governance Requirements for Insurance Undertakings as issued by the Central Bank of Ireland.

Board of Directors

Lead and control the company.

- Makes all material strategic decisions.
- Establishes an organisational structure with clearly defined authority levels and reporting responsibilities.
- Agrees the rules on management authority levels and what the Board should be notified of.

Board Audit Committee

Act as an independent link between the board and our external auditors

- Recommends and monitors our external auditors.
- Reviews the scope of our external audit and reviews the independence of external auditors.
- Reviews our annual report and financial statements as well as other public reports and our reports for regulators.
- Reviews the effectiveness of our internal controls, cyber security controls and IT systems.
- Manages the risks of financial reporting by reviewing significant financial reports.
- Reviews our financial statements for Pillar I and Pillar III requirements of the EU Solvency II Directive.
- Reports to the board on financial statements it needs to approve.
- Monitors three of our five control functions – Actuarial, Finance and Internal Audit.

Board Risk Committee

Develops our risk governance, risk exposures and risk strategy

- Reviews compliance with our Enterprise Risk Management (ERM) framework and advises the board on risk oversight.
- Reviews our risk appetite framework and risk strategy.
- Monitors two of our five control functions – Risk and Compliance.
- Recommends changes to our ERM Framework.
- Promotes a company culture that supports risk management.
- Responds when a risk exposure exceeds our defined appetite for it.

Executive Risk Management Committee

Manages all our significant risks

- Oversees our risk exposures and recommends our risk policies.
- Monitors our capital and the balance of what we own and what we owe.
- Reviews new product developments.
- Approves significant transactions.
- Monitors and reviews the risk experience.

Who we are

The following table shows the members of our Board and Board Committees at 31 December 2025:

Name	Director status	Board member	Audit Committee member	Risk Committee member
S. Cronin	Independent Non-executive	Yes	Yes	Chair
S. Gibson	Executive	Yes	No	No
I. Kremers	Independent Non-executive	Yes	Yes	Yes
K. Murphy	Group Non-executive	Chair	No	Yes
R. McHugh	Independent Non-executive	Yes	Chair	Yes
I. Radovic	Executive	Yes	No	No

In 2025, the board and board committees had scheduled meetings and also met on other occasions as was necessary. We make sure directors have all the information they need ahead of a meeting. They receive the minutes of all recent committee meetings since the last board meeting. If they need anything more, they can either ask for it or invite a committee chair to report to the board.

We pay for our directors to have independent professional advice and training when they need it. All our new directors get training when they start and we encourage existing directors to continually update their skills and knowledge.

B.1.1.1. Adequacy of systems of governance

We have strong corporate governance in line with best practice. We have complied with the Central Bank of Ireland's 2015 Corporate Governance Requirements for Insurance Undertakings and its regulations around the composition of our board and its committees. We also submit a compliance statement to the Central Bank of Ireland annually.

Each year, we review our governance systems as well as the performance of our various governance committees. We assess committee responsibilities and update them if we need to.

B.1.1.2. Significant changes in corporate governance structures in the reporting period

Mr H.G. Lindlahr resigned as an executive director on 22 February 2025.

B.1.2. Key functions

In line with the EU Regulator's Guidelines on System of Governance (EIOPA-BoS-14/253), we consider our Risk Function, Compliance Function, Actuarial Function and Internal Audit Function to be key functions. We also consider our Finance Function a key function. Together, we call these five functions 'control functions'.

Our control functions help the board to manage Canada Life Assurance Europe plc effectively. Each control function reports to either the Board Audit Committee or the Board Risk Committee.

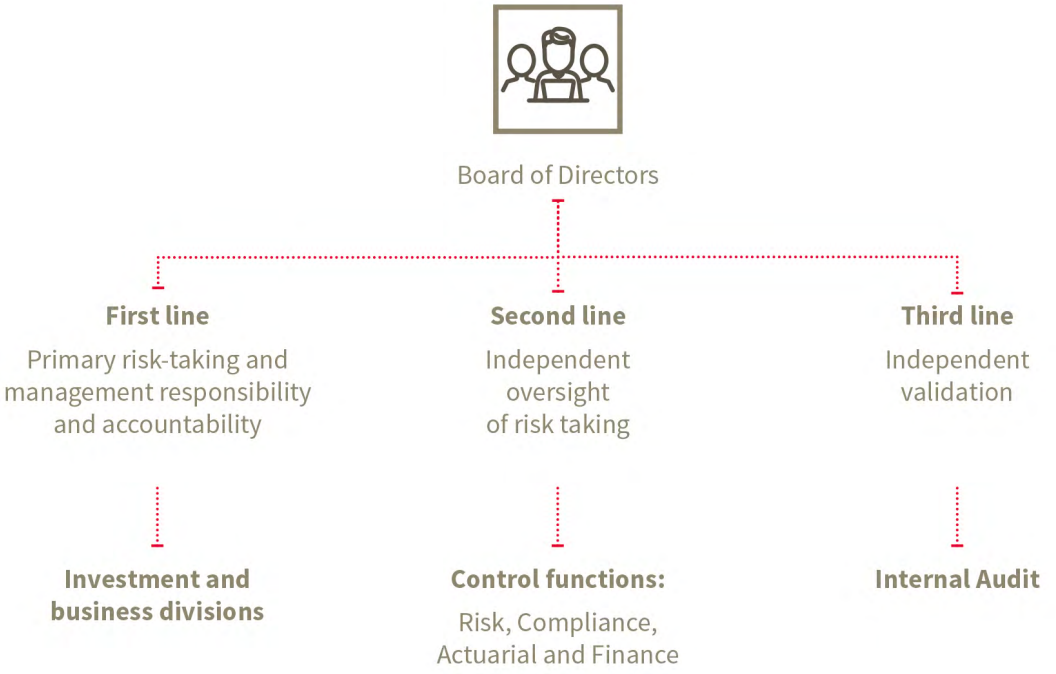
The relevant board committee approves the mandate, resources and plans for each control function every year. Control functions always attend Board Audit Committee or Board Risk Committee meetings. The head of each control function is able to communicate directly with the relevant committee chair.

Each control function is staffed by professionals with appropriate skills and experience as well as a deep knowledge of our business.

B.1.2.1. Risk governance structure

Risk taking is fundamental to the business of any financial institution. Integral to our governance structure is prudent risk management, limitation and mitigation. We have three lines of defence against risk.

Three lines of defence against risk



First line of defence

Our business functions and investment managers are the ultimate owners of risk. They are responsible for the day-to-day risk management conducted according to our Enterprise Risk Management (ERM) framework (please see section B.3). They identify, measure, manage, monitor and report risk. In particular, they:

- diversify our products and services as well as our customers and distribution channels
- develop prudent investment underwriting processes with diversification by asset type, issuer, sector and geography
- apply pricing standards and underwriting in a disciplined way
- conduct extensive testing of the risks involved in new products and services
- review, assess and implement regular relevant changes.

All business functions make sure their strategies align with our overall ERM framework. They are accountable for the risks they take from the beginning to the end of an operation.

Second line of defence

Our oversight of risk includes activities by our Risk Function, Compliance Function, Actuarial Function and Finance Function. The Risk Function oversees compliance with our ERM framework. To make sure there are no conflicts of interest, the Risk Function may introduce additional peer reviews of its activity.

The Risk Function is independent and objective in its review of risk identification, measurement, management, monitoring and reporting.

Third line of defence

Our Internal Audit Function carries out independent assessments of the design and effectiveness of our ERM framework. As part of this activity, it regularly audits the work of both the first line of defence and the second line of defence.

The aim of our third line of defence is to make sure we have effective and efficient operations, integrity of financial reporting, appropriate information technology and compliance with law, regulations and internal policies.

B.1.2.2. Risk Function

Overview

The second-line Risk Function is independent of our business operations and reviews them objectively. It has authority across all our business units and has access to any company information or employees it needs. Our Chief Risk Officer (CRO), reports to the Board Risk Committee and the European holding company CRO on oversight matters. The CRO reports to our Chief Actuary on operational matters and day-to-day management. The CRO updates each meeting of the Board Risk Committee including producing a quarterly CRO Report.

Responsibilities

The Risk Function Mandate, which is set by the Board Risk Committee, defines the responsibilities of the Risk Function. Broadly, the Risk Function oversees all risk and embeds a disciplined risk management culture across all our business. This is accomplished by the development and implementation of the Company's ERM Framework. This includes the Risk Appetite Framework which sets out limits for the risks we accept. The Risk Function then monitors these risks and the CRO reports on them each quarter to the Board Risk Committee. Our ERM Framework also includes:

- risk infrastructure and policies
- risk culture
- risk governance
- risk process
  - risk identification, assessment and prioritisation
  - risk measurement and limit setting
  - risk management, responses and mitigation strategies
  - risk monitoring
  - risk reporting
- Own Risk and Solvency Assessment (ORSA) process
- Recovery Planning process.

Governance

Every year, the Board Risk Committee reviews the Risk Function Mandate and assesses the Risk Function’s performance against it.

B.1.2.3. Actuarial Function

Overview

The independent second-line Actuarial Function is headed by the Chief Actuary. Our Chief Actuary reports directly on oversight matters to the Board Audit Committee and to the Chief Actuary of the European division of our parent company Great-West Lifeco Inc. Our Chief Actuary reports to our Managing Director on operational matters and day-to-day management.

Actuarial Function responsibilities

The Actuarial Oversight Function Mandate, which is set by the Board Audit Committee, defines the responsibilities of the Actuarial Function. These include:

- calculating the value of everything we could potentially owe on our insurance policies (in line with regulatory requirements) and reporting this to the board
- contributing to the effective implementation of our risk management system
- overseeing product development, pricing and reinsurance activities
- ensuring that the calculations of what we owe are consistent with policyholder reasonable expectations and with the Unitised With-Profits Operating Principles published on our website
- advising the board on our underwriting and reinsurance arrangements.

Governance

Every year, the Board Audit Committee reviews the Actuarial Oversight Function Mandate, makes sure the Actuarial Function complies with it and assesses their performance against it.

B.1.2.4. Compliance Function

Overview

The second-line Compliance Function is independent of our business operations and reviews them objectively. It makes sure we comply with regulations by assessing, monitoring and testing our regulatory compliance management controls across the company.

The Compliance Function is headed by the Chief Compliance Officer (CCO). Our CCO reports directly on oversight matters to the Board Risk Committee. Our CCO reports to our CRO on operational matters and day-to-day management.

Compliance Function responsibilities

The Compliance Function Mandate, which is set by the Board Risk Committee, defines the responsibilities of the Compliance Function. These include:

- maintaining a sound framework for the independent oversight of our regulatory compliance risks
- giving independent advice to the business units on regulatory developments and other compliance matters
- risk-based monitoring of our compliance framework and how well we adhere to it
- ensuring all directors, officers and employees acknowledge our Code of Conduct each year
- preparing our compliance budget and developing our compliance plan
- co-ordinating our relationships with prudential and conduct regulators
- reporting each quarter to the Board Risk Committee and to senior management on key regulatory matters
- training our staff and directors on relevant compliance matters.

Compliance governance

Every year, the Board Risk Committee reviews the Compliance Function Mandate, makes sure the Compliance Function complies with the mandate and assesses its performance against it.

B.1.2.5. Finance Function

Overview

The second-line Finance Function is headed by the Head of Finance, who generates accurate and reliable data for the board, Executive Management Team and company shareholders. The Head of Finance is not involved directly in revenue generation or managing the financial performance of any business team.

The Head of Finance reports directly on oversight matters to the Board Audit Committee and to the European CFO of our parent company Great-West Lifeco Inc. The Head of Finance reports to our Managing Director on operational matters and day-to-day management.

Finance Function responsibilities

These responsibilities include:

- planning our finances
- reporting all necessary statutory and regulatory financial information, including financial statements
- managing our budgets, costs and finances
- complying with financial governance.

B.1.2.6. Internal Audit Function

Overview

The third-line Internal Audit Function is led by the Chief Internal Auditor who is part of the Great-West Lifeco Inc. Group Internal Audit Function.

The Internal Audit Function is independent of our business management activities, and is not involved in revenue generation or managing the financial performance of any business team. Internal Auditors have no authority over, or responsibility for, the activities they review, nor do they contribute to the annual performance reviews of any employee whose work they audit.

The Chief Internal Auditor reports directly to the Board Audit Committee and meets regularly with the Committee's chair (without other managers present).

Internal Audit Function responsibilities

- Preparation and submission of a risk-based internal audit plan to the Board Audit Committee for review and approval;
- Monitoring and adjustment of the internal audit plan, as necessary, in response to changes in the company's business, risks, operations, programmes, systems, and controls, or requests by the Board Audit Committee or a regulator;
- Communication to the Board Audit Committee any changes to the internal audit plan, for approval;
- Ensuring all internal audit engagements are appropriately executed and results (with applicable conclusions and recommendations) are communicated to appropriate parties;
- Following up on audit findings and corrective actions, and report periodically to senior management and the Board Audit Committee on progress;
- Ensuring internal audit activity remains free from interference by any element in the company, including in matters of audit selection, scope, procedures, frequency, timing, or report content to enable a necessary independent and objective approach and,
- Providing, based on sufficient and appropriate work, an overall opinion on Governance, Risk Management and Control to the Board Audit Committee, including an opinion on whether the organisation's risk appetite framework is being adhered to, together with an analysis of themes and trends emerging from Internal Audit work and their impact on the organisation's risk profile.

Governance

The Board Audit Committee:

- reviews and approves the mandate of the Chief Internal Auditor;
- reviews and recommends to the Board the appointment or removal of the Chief Internal Auditor;
- assesses the performance of the Chief Internal Auditor and the Internal Audit Function;
- reviews and approves the Internal Audit Function's organisational and reporting structure, budget and resources.

B.1.3. Employee remuneration practices

We have designed our employee remuneration policy to attract, retain and reward qualified and experienced people who will contribute to our success. Our policy:

- generates long-term value for our customers and shareholders
- motivates our employees to meet annual corporate, divisional and individual performance goals
- encourages our employees to behave in line with our Code of Conduct

- aligns with sound risk management practices and Solvency II regulations

Our employee remuneration policy is supported by our performance management process. This helps to shape a risk-aware company culture that reflects our vision and values. We base our performance management process on three principles:

- quality feedback and open conversations
- shared responsibility for the performance management process
- fair treatment of employees which recognises their positive contribution.

We manage the risks associated with our employee remuneration policy based on our overall policy for operational risk and our Code of Conduct. We make sure our employee remuneration policy:

- promotes sound and effective risk management and aligns with the risk strategy approved by the board
- is consistent with the long-term interests of the company and its shareholders
- is consistent with our approach to the integration of sustainability risks in the investment advice process as per the Strategic Investment Policy
- is communicated to all employees
- is competitive and fair
- attracts, rewards and motivates employees to meet their objectives
- is underpinned by clear and effective corporate governance.

Our employee remuneration policy meets all the regulations of the EU Solvency II Directive. We make sure we comply with Solvency II by:

- tasking the Remuneration Committee with helping the board to carry out its relevant responsibilities and making sure we comply with our employee remuneration policy each year
- making sure there are appropriate payments for our board, senior leaders and holders of the various control functions
- benchmarking base salaries against market rates for the role as defined in independent salary surveys
- assessing all bonus schemes against both personal and financial targets (the financial targets for senior roles are not significantly linked to our company performance)
- auditing and risk assessing our employee remuneration policy.

B.1.3.1. Share options, shares and variable components of employee payment

The existence of incentives to attract and retain competent, experienced and skilled people is an essential part of the Company's business strategy. The approach taken by the Company to remuneration is based on five guiding principles. The Company designs remuneration programmes, develops policies, and practices and makes remuneration decisions that:

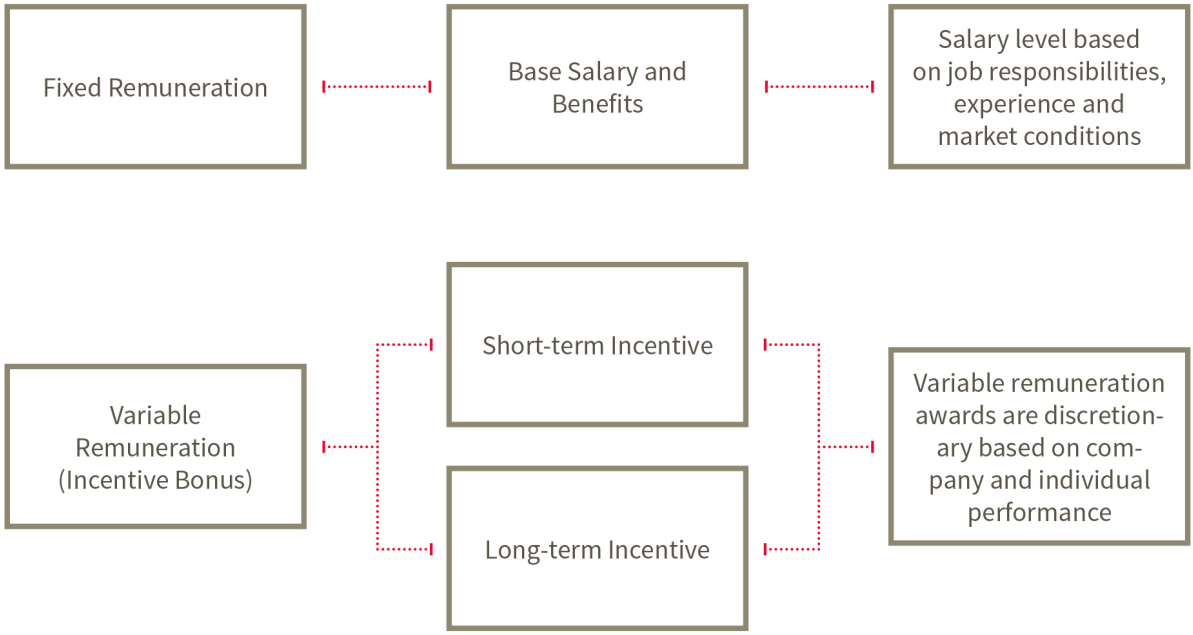
- Support the Company's objective of generating value for shareholders and policyholders over the long term;
- Attract, retain and reward qualified and experienced employees who contribute to the success of the Company;
- Motivate employees to meet annual corporate, divisional and individual performance goals;
- Promote the achievement of goals in a manner consistent with the Company's Code of Conduct; and
- Align with regulatory requirements and sound risk management practices.

All remuneration programmes will consist of four primary elements; the proportion of each element in the overall package will vary based on the role. Senior positions may include a fifth element - Long Term Incentives.

1. Base Salary - Reflects skills, competencies, experience and performance level of the individual, incorporating assessment against non-financial metrics.
2. Annual Incentive Bonus - Reflects performance for the period measured, company and individual.
3. Retirement Benefits - Provides an incentive for staff retention and for a level of replacement income upon retirement.

4. Benefits during the course of employment - Provides adequate protection in the case of sickness, disability or death. Provide opportunities to share in the long term performance of the Company. Provide a range of benefits to support individual needs.
5. Long Term Incentive - Reflects individual performance and the long term performance of the Company overall. Where appropriate payment of a proportion of the total bonus may be deferred.

Employee payment elements



Base salaries take into account job responsibilities, experience and proven or expected long term performance, as well as market conditions. Salary levels are set are based on data gathered using a number of factors including external professional remuneration surveys.

To relate the overall remuneration to the performance of the Company, an annual incentive bonus scheme exists. Target objectives are set annually, and are comprised of company set targets (e.g Earnings, Expenses, Sales, Capital or other relevant Company set targets) and specific individual objectives in support of Company objectives, including a Culture focused goal. For Sales roles, an Sales Incentive Scheme is in place which comprises company set targets as outlined above, in addition to sales targets and a Culture focused goal.

Variable pay

For senior oversight roles, variable pay is not significantly dependent on the performance of the areas they oversee.

The variable components of the remuneration programmes are designed to ensure that the element of fixed pay is sufficient to avoid dependence on the variable element.

Long-Term Incentives are made up of stock options, issued by our parent company, and performance share units.

B.1.3.2. Supplementary pension or early retirement schemes for directors

Our employee remuneration policy does not include any supplementary pension or early retirement schemes for board members or other key function holders.

B.1.3.3. Significant transactions during the reporting period

There were no significant transactions between the company and any of its employees or directors apart from those linked to employee payment.

B.2. Fit and proper requirements

Fit and Proper Policy

Every year, the board reviews and approves our Fit and Proper Policy, which sets out our process for the assessments that determine the fitness and probity of relevant employees. Our fitness assessment makes sure that all relevant employees have the necessary qualifications, knowledge, skills and experience to carry out their roles. Our probity assessment makes sure they are honest, ethical, financially sound and act with integrity.

We assess all employees in a fit and proper role every year. These include roles that are pre-approval controlled functions (PCFs) as defined in the Irish Central Bank Reform Act 2010 (sections 20 and 22) Regulations. If we have any concerns about the fitness and probity of an employee, we investigate them and take swift and appropriate action. We also inform the Central Bank of Ireland about any negative results of these actions.

HR processes

We have job profiles for all fit and proper roles. A typical profile sets out the accountabilities for the role, the level of knowledge, skills and experience needed to do it, and the essential behavioural competencies. We also have documented HR processes for recruiting people into these roles.

Due diligence and annual certification

Before we appoint a person to run the company or hold one of our key functions, we carry out due diligence checks to make sure they are fit and proper for the role. These due diligence checks are set out in our Fit and Proper Policy and align with the Central Bank of Ireland's Guidance on Fitness and Probity Standards. They include, but are not limited to, the following:

- evidence of compliance with the Central Bank of Ireland's Minimum Competency Code (where relevant)
- evidence of professional qualifications where relevant
- evidence of Continued Professional Development (CPD) where relevant
- record of job interview and application
- reference checks
- record of previous experience
- record of experience gained outside of Ireland
- confirmation of directorships held
- record of other employment.

For pre-approval controlled functions (PCFs) as defined in the Irish Central Bank Reform Act 2010 (sections 20 and 22) Regulations, we obtain approval from the Central Bank of Ireland in addition to our internal due diligence before making appointments into these functions. We maintain Statements of Responsibilities for PCF role holders, with reasonable steps documented by each PCF role holder, and a Management Responsibilities Map is also in place in line with the Central Bank of Ireland's Individual Accountability Framework.

All those in a fit and proper role must reconfirm their adherence to the Fit and Proper standards and requirements every year, with verifying checks completed by us for certain roles. We provide annual training on Conduct Standards as required under the Central Bank of Ireland's Individual Accountability Framework, and we carry out appropriate due diligence on an ongoing basis in line with regulatory guidance to ensure that employees who hold such roles continue to meet the requirements of the Central Bank of Ireland's Individual Accountability Framework. We issue an annual certificate of compliance for each role holder, confirming that we are satisfied on reasonable grounds that the role holder complies with the standards and that the person has agreed, in writing, to comply with the standards. If we become aware of any concerns about the fitness and probity of someone in a role subject to the Fit and Proper Policy,

we will investigate and take swift, appropriate action. We will also notify the Central Bank of Ireland of any negative results of the actions we take.

B.3. Risk management system

The Board has put in place a comprehensive Enterprise Risk Management (ERM) Framework, through which it manages all significant risks across the company. The ERM Framework enables us to implement our business strategy while fully understanding the risks involved.
There are three broad ways in which each risk can be treated – capitalisation (holding enough capital to cover the risk), management and mitigation. We carefully review each risk so we can identify the appropriate treatment. Our risk reviews weigh up:

- current and prospective size and complexity of the risk
- potential impact of the risk
- transferability of the risk
- market standard treatment of the risk.

For greater detail on our risk management strategies, objectives, processes and reporting procedures, please see section C.

Risk Function

Our Chief Risk Officer (CRO) is the head of the Risk Function and provides independent oversight of all risk taking activities and is responsible for embedding a disciplined risk culture. For information about CRO reporting duties, see section B.1.2.2.

Enterprise Risk Management Policy

Our ERM Framework includes an ERM Policy. This Policy establishes responsibilities for the Board, the Executive Risk Management Committee (ERMC) and other key parts of our risk management system. It also establishes responsibilities for our first, second and third lines of defence against risk. For more details about our risk governance structure, please see section B.1.2.1.

A further suite of policies detail the management strategies, objectives, processes, and reporting procedures for all the risks we accept.

B.3.1. Risk appetite and strategy

The Board creates a Risk Appetite Statement and Risk Strategy, which outline our appetite for each type of risk and our strategy for accepting, managing and mitigating these risks. Once new versions of the risk appetite and risk strategy have been approved, we cascade the updates into our company culture.

Risk Appetite Statement

We establish our Risk Appetite Statement through an iterative reviewing, monitoring and updating process involving our key functions. We make sure our strategic and operational plans are aligned with the tolerances of our Risk Appetite Statement. And we are quite aware that as our resources and strategic objectives evolve, so our risk appetite may change.

Here are the key objectives of our Risk Appetite Statement:

- **Strong capital position:** we maintain a healthy balance sheet and do not take risks that would jeopardise our solvency.
- **Strong liquidity:** we maintain an investment portfolio containing enough cash to meet our policyholder and financing obligations under both normal and stressed conditions.

- **Low earnings volatility:** we manage risk concentration, limit our exposure to more volatile businesses and diversify our exposure to risk.
- **Treating Our Customers Fairly and Maintaining our Reputation:** we consider the potential impact on our customers and reputation of all our business activities.

Meeting these objectives supports both shareholder and customer interests by making sure we remain financially strong and profitable. And we can only stay profitable if customers, financial advisors and other interested parties are satisfied that we are a secure company.

We embed our risk appetite in the business through our risk policies (which together make up our Risk Policy Framework). These policies stipulate the controls and limits for each type and level of risk we are allowed to take on. They also set out the operational and reporting procedures for managing these risks. To enforce our risk policies, we establish risk processes and controls across the company.

Risk Strategy

We achieve our Risk Strategy goals by embedding a risk awareness culture across all our business activities. We are always prudent when taking and managing risks. We tend to focus on:

- diversifying products, services and customers
- prudent investment management and diversifying by asset type, issuer, sector and geography
- disciplined application of pricing standards and underwriting, and extensively testing the risks involved in new products and offerings
- appropriate use of reinsurance to mitigate insurance, investment and liquidity risks
- thoroughly managing the business through regular reviews
- safeguarding our reputation by operating a highly ethical business, based on the employee Code of Conduct, and sound sales and marketing practices
- generating returns to shareholders through profitable and growing operations while maintaining a strong balance sheet
- resilience of business operations and sustainable growth.

B.3.2. Risk management processes: identification, assessment and treatment

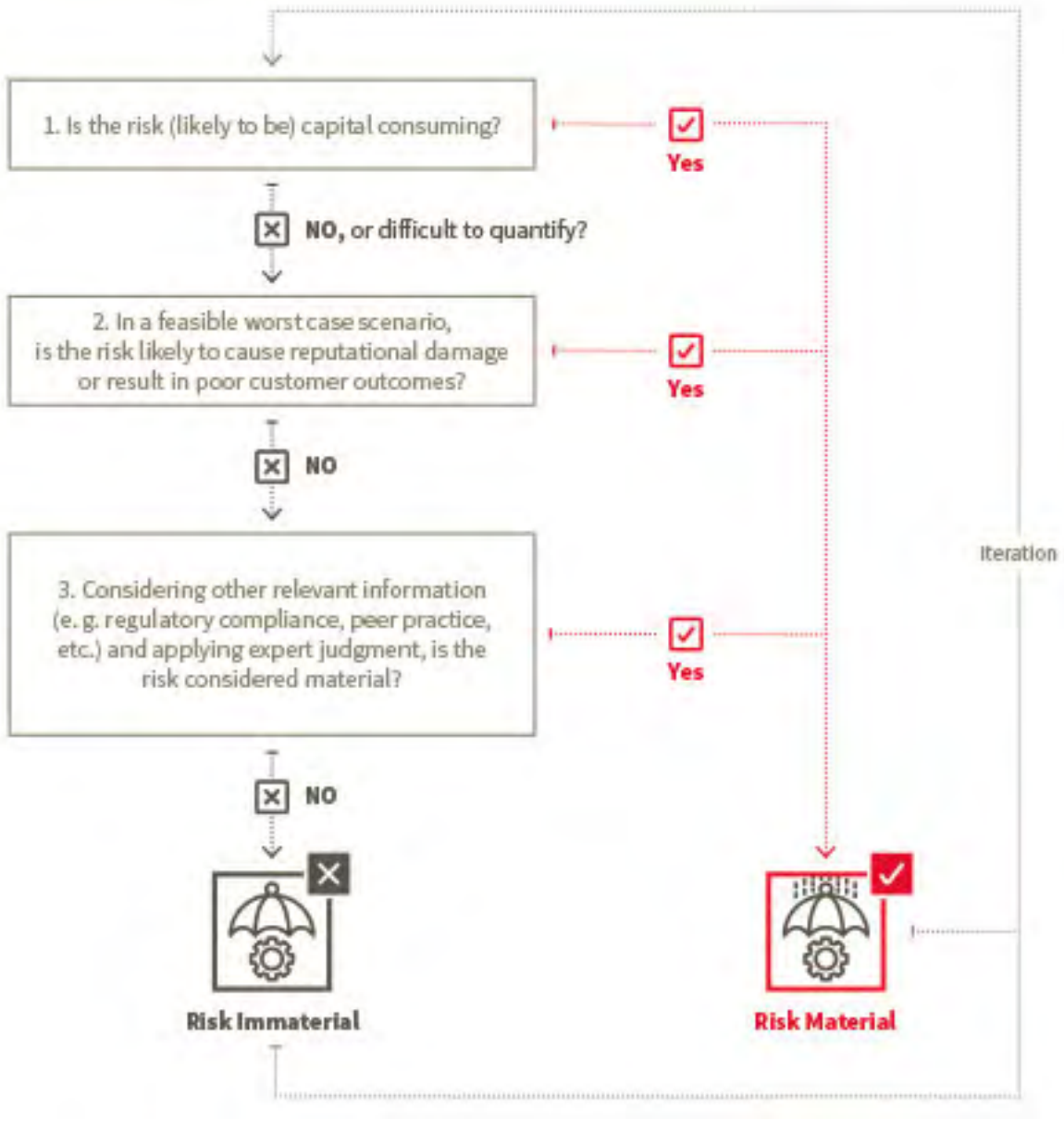
Risk identification

Our Risk Function oversees the identification of both existing and emerging risks. We identify risks within Canada Life Assurance Europe plc from the bottom up as well as the top down. Our business units, senior managers, risk specialists and various risk committees all make significant inputs into this process. We also use a stress-testing framework, which draws on scenario analysis, to spot emerging and previously unidentified risks. Every year, we evaluate the way we categorise risk as part of our Risk Appetite Framework review.

Risk assessment

Once we have identified the risks, we assess them using a risk assessment framework which will determine if the risk is deemed material or not. Senior managers ratify any risks considered material (that's to say, significant for the business) and the Board Risk Committee then monitors these regularly.

Risk Materiality Decision Tree



Risk treatment

We have three different treatments for the risks we identify, and combine these treatments as appropriate. These treatments are the basis of our risk policies.

1. Hold capital so we remain solvent if the risk becomes severe
2. Manage the risk through controls
3. Mitigate the risk by choosing not to take it on or transferring it to a third party.

B.3.3. Risk management processes: monitoring, measurement and reporting

Risk monitoring

We monitor the limits of our risk appetite and risk policies against selected measures of risk. We have a risk limits framework to make monitoring, evaluating and limiting risk-taking more effective. This framework includes both limits linked to individual risks and aggregate risk exposures for different risk categories (measured by how much they contribute to the capital we need).

Risk measurement

We measure our exposure to risk in a variety of different ways, including sums assured, nominal value or market value of exposures, the level of actual deviation from expected outcomes and the range of potential deviations from expected outcomes. These measures are consistent with the Standard Formula for Solvency II.

Measures for each risk category

Risk category	Risk measures
Underwriting Risks	
Mortality risk	Sum assured both gross and net of reinsurance
Longevity risk	Value of liabilities exposed both gross and net of reinsurance
Morbidity risk	Sum assured both gross and net of reinsurance
Expense risk	Actual, budgeted and projected expense levels
Lapse risk	Actual number of policyholders who surrender their policies early compared to our expected number
Market Risks	
Equity and property risk	Most recent market/fund value of investments and value of the management charges we collect from unit-linked funds investing in equity and property assets
Interest rate risk	Changing value of our assets and liabilities linked to interest rate changes
Currency risk	Changing value of our assets and liabilities linked to exchange rate movements
Credit Risks	
Credit risk (fixed interest/cash assets)	Value of our assets invested with different counterparties
Credit risk (reinsurance counterparties)	Value both gross and net of mitigations (such as any collateral we hold)
Liquidity Risk	
Liquidity risk	Quantity of assets we can readily convert into cash compared to the potential demand we might face for cash
Operational and Conduct Risks	
Operational risk	Operational risk losses and near misses (with potential risk measured according to relevant Key Risk Indicators)
Conduct risk	Same as for operational risk measures
Strategic risk	Evaluation of existing and proposed key strategic initiatives approved by the board

In addition, we use our annual Own Risk and Solvency Assessment (ORSA) process to analyse the impact of different risks on our solvency under stress scenarios (please see section B.3.6)

Risk reporting

We regularly monitor and review our risk exposures and report to the Board Risk Committee and ERMC each quarter (or more often, if required).

B.3.4. Prudent Person Principle

Our approach to investment management follows the Prudent Person Principle defined in EU Solvency II regulations. The criteria we use for investing all our assets, including unit-linked assets invested for the benefit of policyholders, are set out in our board-approved Strategic Investment Policy.

The various controls and processes defined in our Strategic Investment Policy make sure we invest in assets and financial products only when we can properly identify, measure, monitor, manage, control and report on their associated risks and also take these risks into account when we assess our solvency needs.

The investment restrictions and requirements in the policy ensure the security, quality, liquidity and profitability of our investment portfolio as well as the availability of our assets.

The value of how much we owe as measured by our liabilities moves up or down depending on changing market conditions (for example, interest rates or equity prices), reflecting the value of the assets we invest in.

Our Strategic Investment Policy establishes principles and controls to manage potential conflicts of interest. These include:

- using derivative instruments only if they help reduce risks or improve portfolio management
- limiting the value of assets we can hold which are not publicly traded
- diversifying our assets through strategic asset allocation limits, specified by asset type and individual counterparty risk limits
- reporting on and monitoring our investment positions and oversight responsibilities
- defining the approval process for our investment operations.

B.3.5. Credit assessments

Before we invest with a new counterparty, our asset managers assess their credit quality and go on to review it at least once a year.

We define credit ratings for all the fixed interest we take on (including bonds, cash and commercial mortgages, and investments) with an internal credit review by an appointed investment manager. We supplement this review with any ratings available from external credit rating agencies while making sure our own rating is never higher than the highest published external rating.

Our Risk Function monitors the credit quality of our investment portfolio, along with our compliance with our investment limits, and reports these to the ERMC and the Board Risk Committee each quarter. It also monitors the credit quality of our reinsurance counterparties and reports these to the same committees each quarter.

B.3.6. Own Risk and Solvency Assessment (ORSA)

Solvency II's Own Risk and Solvency Assessment (ORSA) is key to our risk management system. We have an ORSA Policy that evaluates our risk profile and solvency position in relation to our business operations, strategy and plan:

Own	Reflects our business model and corporate structure and is integrated with our business strategy and plan
Risk	Evaluates risks, including emerging risks, relative to appetite and outlines our risk management techniques and risk governance structures

Solvency Reviews potential solvency needs under normal and stress conditions and evaluates capital available compared to capital requirements

Assessment Assesses current and projected risk position and solvency needs

Roles and responsibilities

The Board (with significant support from the Board Risk Committee) directs the ORSA process and reviews and approves the ORSA Policy every year. Our Risk Function handles the process and produces an ORSA Report for review and approval by the Board. The Actuarial Function also contributes to the process, particularly with capital projections and stress testing. And our Head of Actuarial Function offers an opinion on the ORSA report to the board.

Ten step process

ORSA is the main link between our risk management system and year-round capital management activities. It consists of ten steps.

1 / Consider Business Strategy

- First-line business units present our business strategy to the board. This presentation includes the key assumptions behind the strategy, including projected sales, expenses and new business margins.
- The Board considers the risks associated with the business strategy and goes on to approve it.

2 / Assess the Standard Formula

- We use EIOPA's Standard Formula to calculate how much capital we must hold under Solvency II regulations. We consider all the risks we're exposed to over the lifetime of our insurance obligations, whether or not these risks are included in the Standard Formula.
- The ERMC evaluates our risk profile based on the Standard Formula to test whether it is appropriate for our business.

3 / Complete Own Solvency Needs Assessment (OSNA)

- We form an Own View of the Capital required for the business – as distinct from the capital which Solvency II regulations say we must hold. Given our risk profile, this view of capital is not higher than that produced by the Standard Formula.
- We calculate the additional buffer of capital we should hold to make sure we will still meet the capital requirements under the regulations even after adverse events.

4 / Select Stress Tests

- The Board, supported by our Risk Function, establishes our stress tests and weighs up their impact on our business strategy.
- We project our solvency position as at the next five year-ends, using a base case scenario and a range of stress scenarios. The base case scenario reflects our approved business strategy and plans. The stress scenarios consider how developments to the strategy or to our capital position outside of the annual cycle would affect the ORSA.

5 / Produce ORSA Report

- The Risk Function authors an ORSA report at least once each year and our Chief Risk Officer presents it to the Board. The report includes a solvency and liquidity projection under the base assumptions as well as an analysis of the result of our stress tests.
- A record is kept of each ORSA Process and this record supports the ORSA Report.
- The Board reviews and challenges the report.
- We submit the final report approved by the Board to the Central Bank of Ireland.

6 / Review Level of Capital Held

- The Board generates insights about our current and prospective risk profile gained from the first five steps.
- The Board reviews what level of capital we should hold.

7 / Implement ORSA Recommendation

- We may assign ORSA report recommendations (such as risk mitigation initiatives or adjustments to our business plans) to our relevant people.
- Our Risk Function reports to the Board regularly on our progress in implementing the recommendations.

8 / Communicate ORSA Results

- Our Risk Function communicates the ORSA findings to our business divisions as appropriate.

9 / Embed ORSA within Decision-Making

- Managers analyse the impact on ORSA of any significant new initiatives (such as product development and acquisitions or events) during the year.
- Managers present their ORSA findings to the Board for consideration.

10 / Review Risk Policies

- The Board reviews and updates our Risk Policies each year to reflect the outcome of our ORSA process.

B.4. Internal control system

B.4.1. Internal Control Framework

Our Internal Control framework gives reasonable assurance that we run effective and efficient operations, deliver reliable financial reporting and comply with applicable laws and regulations. The framework demands we have a combination of preventive, detective, directive and corrective control processes in place. It has five components:

- **Control environment –** a set of disciplined standards, processes and structures which is the foundation for all the other components of our internal control.
- **Risk assessment** – a process for identifying, assessing and managing risks relevant to the achievement of business objectives.
- **Control activities** – various policies and procedures that make sure we all help to implement the business strategy.
- **Information and communications** – identification, capture and exchange of internal and external information in a form and timeframe that enables us all to fulfil our responsibilities.
- **Monitoring activities** – enable us to check that all components of the Internal Control framework are present and functioning.

Canadian regulation

The Canadian Securities Administrators (CSA) require the company whose securities are publicly traded to verify that:

- every quarter they evaluate the design of their Internal Controls Over Financial Reporting (ICOFR)
- every year they review the ICOFR's effectiveness.

We must comply with this regulation because our parent company Great-West Lifeco Inc. is Canadian. Our Internal Audit Function tests the design and effectiveness of ICOFR to make sure we meet the regulatory requirements.

Roles and responsibilities

Every year, the Board Audit Committee reviews our internal controls and associated policy and edits them, if necessary, so they continue to reflect an up-to-date control environment. Our Finance Function reviews the Internal Controls policy, from which the framework referenced above is derived, before it goes to the board for approval. Even if no changes are made to the policy from one year to the next, the board must still approve it.

B.4.2. Compliance Function

Find out more about our Compliance Function in section B.1.2.4.

B.5. Internal Audit Function

Find out more about our Internal Audit Function in section B.1.2.6.

B.6. Actuarial Function

Find out more about our Actuarial Function in section B.1.2.3.

B.7. Outsourcing

We outsource business processes to reduce or control costs, to free internal resources and capital, and to harness skills, expertise and resources not otherwise available to us. There may well be risks associated with outsourcing which we have to manage.

Outsourcing and Supplier Policy

Our board-approved Outsourcing and Supplier Policy sets out the principles and requirements for overseeing outsourcing arrangements and managing outsourcing risk. Here are the policy's general requirements:

- We identify and assess outsourcing arrangements based on their significance
- We appropriately approve outsourcing arrangements
- We thoroughly evaluate the capability of proposed service providers for outsourcing
- We make sure outsourcing contracts contain all mandatory terms and conditions

Services provided by internal group provider	**Jurisdiction**
Investment management services	Ireland & UK
Investment administration services	Ireland & UK
IT and related activities	Ireland & Canada
Internal Audit and related services	Ireland
HR and related activities	Ireland
Services provided by external provider	**Jurisdiction**
Policy administration services for a small number of policies	Ireland
Telephony Services	Ireland & Germany
Data hosting services	Ireland
Data gathering services to support underwriting & claims	Germany
Payroll services	Germany

B.8. Any other information

We have no other information to disclose.

C

Solvency and Financial Condition Report

Risk Profile

canada life™

Section C categorises our major risks for the last financial year and evaluates our appetite for them. It goes on to explain each of them in turn.

Risk Appetite

The Board sets the risk appetite for Canada Life Assurance Europe plc and defines a risk preference level for all material risks. Our preferences range from 'minimal appetite' to 'readily accepts'. We have the highest appetite for risks related to core business activities, particularly those related to insurance products and unit-linked investment management services.

Monitoring the Effectiveness of Risk Mitigation Techniques

Our Risk Function prepares a quarterly Risk Exposures Report, Liquidity Coverage Ratio Report and Risk Monitoring Report which are provided to the Executive Risk Management Committee and the Board Risk Committee. These reports compare our risk appetite with the actual measurements. The Risk Function also monitors the effectiveness of our risk mitigations and explains any significant movements over the quarter.

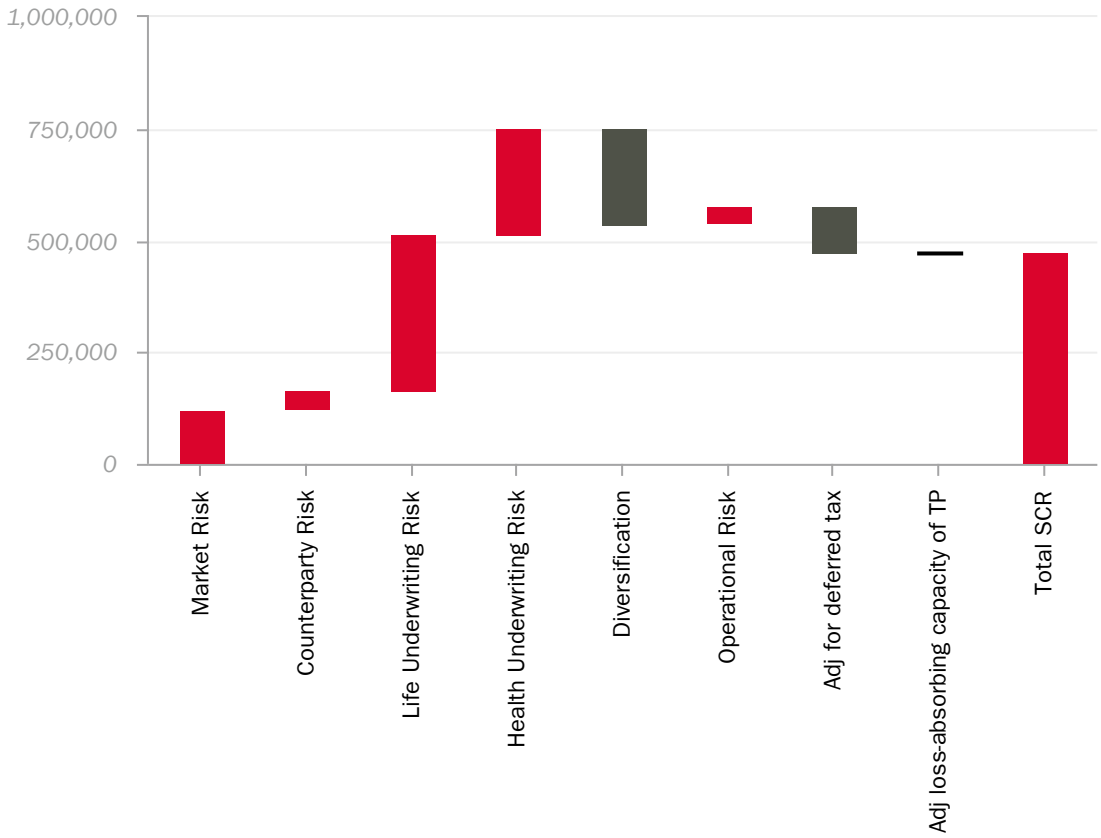
Risk Concentrations

Material risk concentrations are outlined in sections C.1 to C.6 below.

Risk Exposure

The risk profile of Canada Life Assurance Europe plc is represented by the composition of the Solvency Capital Requirement ('SCR') of the Standard Formula and shows the risk exposures to life & health underwriting risks, market risk, counterparty and operational risk. After deducting the risk-reducing effects of diversification and the loss-absorbing capacity of the technical provisions and deferred taxes, the SCR is €469m at 31 December 2025.

Composition of SCR €'000



C.1. Underwriting risk

Risk description

Underwriting risk arises from the risk linked to contractual promises and obligations made under insurance contracts. Underwriting risk includes future uncertainties about:

- frequency and severity of mortality, morbidity and longevity claims, including the impact of any catastrophes
- impact of policyholder behaviour (e.g. lapses)
- expenses arising in our business.

Morbidity Risk

Morbidity risk is the risk of loss or increase in the value of what we owe due to changes in morbidity rates among our insurance policyholders. We are exposed to morbidity risks through:

- critical illness benefits
- recurring benefits paid if the life assured is unable to perform a series of “activities of daily living” for a specified period or by submitting a certificate provided by a German government body
- recurring benefits paid if the life assured is unable to carry out their own occupation to at least 50% of normal function for six months.

Lapse Risk

Lapse risk is the risk of loss due to changes in the rates of policy lapses, surrenders, and/or policyholders reducing their premiums or not paying them at all.

Expense Risk

Expense risk is the risk of loss that's associated with the variability of the expenses we incur when we acquire, service and maintain business. An increase in expenses, whether due to higher than expected inflation or lower than expected policy volumes would reduce our future profitability and increase our provisions for future expenses.

Expenses generally increase over time (e.g. due to wage inflation). There is a risk, given the long-term nature of our products, that expenses allowed for in the premium would not be enough to cover the actual costs we incur over time. The risk is higher for business with fixed premiums or charges that cannot be reviewed or increased in line with experience. Most of our business is unit-linked or UWP, with reviewable administration charges that reasonably reflect any corresponding change in the actual costs (in line with the policy conditions).

Mortality, Longevity and Catastrophe Risks

Mortality risk is the risk of loss due to an increase in mortality rates. Longevity risk is the opposite – the risk of loss due to a decrease in mortality rates. We have minimal exposure to catastrophe risk. That's because we don't sell group risk products and we reinsure a significant proportion of the mortality and morbidity risks arising from our individual life insurance products.

Risk emergence

Expense, policyholder lapse and morbidity risks are material risks for us, while mortality, longevity and catastrophe risks are not considered material. We have not identified any material underwriting risk exposures related to climate change.

Across morbidity, lapse and expense risks, potential impacts could arise through liquidity pressures, earnings volatility or concentration effects. Liquidity impacts are expected to be manageable due to diversified individual policy sales, access to unit-linked and UWP funds, and timely reinsurance recoveries. Earnings impacts would emerge more quickly, particularly from increased morbidity claims, higher expenses or deterioration in lapse rates affecting future fee income and reserving assumptions. Concentration risk mainly arises from operating solely in the German market, where policyholder behaviour could be influenced by economic conditions.

Risk mitigation

We have strong processes in place to identify, assess and prioritise underwriting risks. These include:

- **Risk Register:** maintaining a regularly updated risk register reported to the Executive Risk Management Committee, and conducting the annual ORSA, which uses scenario testing to assess risk, solvency and liquidity under both base assumptions and stressed conditions.
- **Pricing and Underwriting:** we rely on experienced underwriting and claims teams and have a Board approved Pricing and Underwriting Policy
- **Reinsurance:** we use reinsurance to limit exposure to claims on individual lives. Financial reinsurance has been used to mitigate liquidity risk.
- **Product Design:** Lapse risk is mitigated through high quality governance to make sure our products meet the needs of customers and are clearly understood when the customer buys them. The cost of excess policyholder lapses is partially mitigated by product design and the recovery of unearned broker commission on early lapses.

- **Expense Control and Liquidity Management:** Expense risk is managed through a robust budgeting process and active liquidity management Our risk mitigation processes include the Own Risk and Solvency Assessment (ORSA) process (which uses scenario testing to assess our risks, solvency and liquidity under both business planning assumptions and stressed conditions).

Risk monitoring

We actively monitor key underwriting risks through regular quarterly reviews against aggregated expectations. We also conduct annual investigations, analysing the past five years of actual experience. These annual studies assess claims patterns, lapse behaviour, mortality and annuity-related deaths, and expense levels. This ensures that emerging trends are identified early and that experience continues to align with pricing and reserving assumptions.

There were no significant changes during 2025 to our underwriting risk exposure.

C.2. Market risk

Risk description

Market risk arises from potential changes in currency or interest rates or equity and property prices. We are exposed to this risk as a result of our investment, trading and other relevant business activities.

While we have not identified any current material market risk exposures related to climate change, market risk is our largest financial risk associated with climate change. Responsible investment is an important part of our investment strategy.

Equity Risk

Equity risk is the risk of loss from changes in the market prices of common shares. It includes the risk associated with our unit-linked and UWP funds as well as our non-linked funds, including shareholder funds.

Currency Risk

Currency risk is the market risk arising from changes in currency exchange rates.

Interest Rate Risk

Interest rate risk is the market risk arising either from a potential increase or decrease in interest rates.

Property Risk

Property risk is the market risk arising from potential changes in market rates or prices for property.

Market Concentration Risk

Market concentration risk typically results from holding a large proportion of total funds in a single investment or from lack of diversification of investments by asset type, issuer, sector and geography.

Risk emergence

Equity risk is significant for us, particularly due to our unit-linked, UWP and variable annuity products. These products expose us to reductions in future annual management fees when the underlying asset values fall. Our UWP and variable annuity funds carry additional exposure because poor investment performance or volatile markets could increase the cost of meeting guaranteed values or hedging associated risks.

Interest rate risk affects both linked and non-linked funds: increased interest rates reduce asset values and expected future income, but improve reinvestment returns on new money, while falling rates increase fund values but may make it more costly to deliver our investment guarantees.

Non-linked funds, including our shareholder fund, are all euro denominated. Currency risk arises only from non-euro denominated assets within unit-linked and UWP funds—mainly from the allocation invested in US equities.

Overall, interest rate and currency risks are low, and concentration risk is insignificant compared to other market exposures.

Policyholders primarily bear the direct market risks for the investments underlying our unit-linked and UWP products, though we are exposed indirectly through reductions in the capital value of unit-linked and UWP funds as this will reduce future annual investment management fees.

Risk mitigation

We use a series of techniques to identify, assess, manage and mitigate our market risks, including:

- **Risk Register:** we maintain a risk register, assess it regularly and report its findings to our ERMC.
- **Own Risk and Solvency Assessment (ORSA)**: our ORSA process includes stress and scenario tests designed to assess the impact of market risks on our solvency and liquidity.
- **Strategic Investment Policy:** together with our Asset Liability Management Policy, our Strategic Investment Policy sets out the principles behind our management of market risk. It makes sure we invest in a prudent and controlled way, consistent with our risk appetite and the Prudent Person Principle in the Solvency II regulations. The Board reviews and approves both policies every year. See section B.3.4 for further information on the Prudent Person Principle.
- **Policyholder fund positioning:** we match the unit position of each policyholder fund and create enough units to at least equal the number of units allocated to policyholders. We always hold enough assets (of appropriate nature, term and liquidity) to meet our liabilities to policyholders as they become due.
- **Shareholder asset management:** we invest shareholder assets according to market risks we can properly identify, measure, monitor, manage, control and report on. We take shareholder assets into account appropriately when we asses our overall solvency needs.
- **Reinsurance:** we reinsure the investment guarantees of our UWP funds and variable annuity products to mitigate the risk of adverse market movements affecting our solvency or earnings.
- **Derivatives usage:** we occasionally buy derivatives within the unit-linked or UWP funds to help reduce market risk. Our Strategic Investment Policy controls our derivatives usage and factors it into efficient portfolio management. We regularly report on our derivative positions to our Investment Committee.

Our Investment Committee manages the equity range and target of our UWP funds. Our holdings are well diversified, so mitigating the risk of sharp falls in equity values of individual companies, sectors or markets.

We control the investment guarantee risk for our UWP fund by imposing minimum investment terms with guarantees, controlling the investment mix of the underlying fund and monitoring the guarantee dates of the block of business to ensure there is no large concentration of risk at any time.

Risk monitoring

Market risks are overseen by the Investment Committee, which regularly monitors fund performance, liquidity levels, and manages the exposure of our assets to interest rate, property and market concentration risks. This ensures market risks remain within our risk appetite and are managed in line with our strategic objectives.

C.3. Credit risk (default and creditworthiness)

Credit risk arises from a counterparty's potential inability or unwillingness to fully meet its contractual obligations to us. Counterparty credit risk includes:

- **Default risk:** occurs when a counterparty makes less than the contractually agreed payments or is late in making these payments.
- **Downgrade risk:** occurs when a counterparty's credit rating is downgraded, a default is potentially more likely and we have to make increased provisions against this.

We have the following main sources of credit risk:

- **Bonds:** our holding of bonds issued by governments or companies exposes us to credit risk from third parties.
- **Cash and cash equivalents:** the cash we have deposited with credit institutions exposes us to credit risk.
- **Reinsurance counterparty risk:** we are exposed to credit risk from internal and external reinsurers since, if they fail to meet their contractual obligations, we would have to pay for replacement reinsurance or fund the costs of any insurance liabilities they do not meet.
- **Intercompany balances:** we are exposed to credit risk from internal Group companies if they fail to repay outstanding balances they owe.

Risk emergence

- **Liquidity:** if our reinsurers were to delay, reduce or deny the claims obligations in their contracts, we would still be liable to pay the required amounts to claimants on time. It is likely that these amounts would be small and isolated and we could replace the reinsurance at market rates. For investment-related guarantees, the impact could persist for as long as asset values were lower than guaranteed values. Given our reinsurers' strong credit ratings, the likelihood of a reinsurer default is remote.
- **Earnings:** a total reinsurer default would have an immediate impact on our earnings. That's because we would have to increase our capital and cash reserves to cover the loss of risk mitigation from reinsurance. Credit downgrades or defaults in shareholder-fund assets would also have an immediate earnings impact. In policyholder funds, such changes would indirectly affect earnings through reduced future fee income.

Risk mitigation

We have robust processes for identifying, assessing and prioritising our credit risks. Here are some of the things we have in place to mitigate the risk.

- **Strategic Investment Policy:** we manage credit risk in line with our Board-approved Strategic Investment Policy. We emphasise quality in our investment portfolio and keep it well diversified by issuer, industry and geography. We also mitigate credit risk with effective fund mandates, regular monitoring and the appointment of expert fund managers subject to second and third-line oversight.
- **Reinsurance and Risk Mitigation Policy:** we manage reinsurance counterparty risk in line with our Board-approved Reinsurance and Risk Mitigation Policy. We use only reinsurers meeting minimum financial strength ratings. We regularly monitor our reinsurance arrangements and report regularly to the Board (who are also advised by the Board Risk Committee).
- **Counterparty credit ratings:** we regularly monitor the credit rating of both internal and external counterparties.
- **Counterparty limits:** we have strict limits on appropriate counterparties for each category of assets. Specifically, we set individual counterparty limits as well as aggregate concentration limits for all our investments in bonds and cash deposits with credit institutions. We regularly review these limits to make sure they are consistent with our available assets and risk appetite.
- **Shareholder fund management:** we ensure diversification and avoid concentration by being exposed only to bonds with high credit ratings and by limiting the amount we hold from any one issuer.

- **Policyholder fund management:** we reinsure the investment guarantees of our policyholder funds to mitigate creditworthiness risks and default risks in UWP funds and variable annuity products. When we use derivatives within unit-linked and UWP funds they are generally short dated (three months or less) to minimise credit risk to our counterparty.

Risk monitoring

We monitor our credit risk with regular reviews of counterparty credit ratings and the proportion of our assets held with any single counterparty. We also carry out stress and scenario tests as part of our ORSA process, including stress tests of credit default risk.

There were no significant changes during 2025 to our credit risk exposure.

C.4. Liquidity risk

Liquidity risk is the risk that we will not have enough cash to meet our commitments as and when they fall due.
We maintain a high quality diversified investment portfolio with enough liquidity to meet our policyholder and financing obligations under normal and stressed conditions. We always take liquidity into consideration when designing products and entering transactions.

As at 31 December 2025, expected profit included in future premiums was €841m. We do not consider this profit (or other negative technical provisions which contribute to our own funds) to be available to meet our liquidity needs until it becomes actual profit. We also exclude this asset from our liquidity risk mitigation and liquidity risk monitoring processes.

Risk emergence

When we underwrite a new life assurance contract, we incur significant acquisition costs up front. We recover these costs through future fee income but nonetheless our new business activity is exposed to a short-term liquidity risk.

Sums payable under the unit-linked and UWP contracts of our policyholder funds are generally due on demand. We could be exposed to liquidity risk if the assets we hold to match what we owe a policyholder were to become impaired (that's to say, not easily converted into cash or difficult to price and value). If our matching assets were to become impaired, it would delay our ability to deal with policyholder requests to surrender or switch their policies. Policyholder funds have a potential liquidity risk should there be a concentration of claims.

Shareholder assets also have a potential liquidity risk if their investment were ever to be over-concentrated.

Risk mitigation

As the business is now just over twenty five years old, there is sufficient cash generation from the business to mitigate liquidity risk. The company has made use of cash surplus relief reinsurance to help manage its liquidity and can continue to do so, as the need arises.

Our investment experts always manage our relevant matching assets to ensure we have enough cash to meet our policyholder liabilities (on unit-linked and UWP contracts) as they fall due.

We minimise the risk of concentrating our shareholder assets by making sure they are well diversified. We also make sure shareholder assets cover commissions and other acquisition expenses, our continuing operating expenses and any need for additional cash reserves and are enough for us to remain highly solvent.

In general, we aim to invest all assets, including shareholder and non-linked assets, to ensure the liquidity (as well as the security, quality and profitability) of our portfolio as a whole.

Risk monitoring

We regularly monitor our short- and medium-term liquidity (in appropriate currencies) to make sure we have enough cash to pay what we owe when demands arise. Our investments to meet these demands are for appropriately short durations so we can convert them into cash when needed.

Our Risk Function oversees regular stress testing as part of the ORSA process to make sure our liquidity is adequate under the severest conditions. We determine our potential liquidity strain over a 30 day, 90 day and 1 year period using the impact of a single point of operational failure scenario. We then compare this liquidity strain to the available assets we have, reduced by large known cash outflows and an asset stress due to a forced sale. Our aim in this stress test is to ensure over a 90 day time horizon our available assets always exceed our cash requirements by at least a minimum target approved by the CLE Board. Throughout 2025, the available assets exceeded our cash requirement by more than the minimum target, meaning we had sufficient cash to meet current and future liabilities. We regularly monitor our liquidity coverage ratio and asset liability matching positions to make sure we have enough cash to cover stressed conditions over the projected business planning period.

C.5. Operational risk

Operational risk arises from either potential problems relating to day-to-day operations (involving people, processes or systems) or a specific unanticipated event. It can have significant financial and/or reputational consequences. This risk includes:

- **Cyber risk and data loss:** our business is increasingly digital. As a result, there is an increasing risk of our information systems and databases being compromised by external and internal threats and attacks. The security of data also extends to the risk of theft of property containing such data.
- **Business Continuity risk:** there are risks arising from the failure to provide for the continuity of business operations under adverse conditions that may arise from natural, technological or human-cause events.
- **Concentration risk:** there is an operational risk associated with the concentration of several key functions, such as our information technology systems, in one location in Dublin.
- **Legal and regulatory risk:** there would be potential impacts on our business processes if we were to either fail to comply with existing legal and regulatory requirements or fail to identify or plan for emerging requirements (due to new regulations or court judgements).
- **Outsourcing and Supplier risk:** we have a number of arrangements with suppliers and outsourcing providers, both internal and external to the Group. The failure of a service provider to meet their obligations could potentially affect us.
- **Conduct risk:** we expect our people to always treat customers fairly, from product design and disclosure to post-sales service. Conduct risk arises because our business model includes providing financial products and services in support of customers.
- **Strategic risk:** we expect risks to business strategy to arise externally from the business environment in which we operate. They include, for example, competitor activity, market conditions and the economic climate. Strategic risk can also stem from a potential inability to implement appropriate business plans and strategies, make decisions or allocate resources.
- **Sustainability risk:** there are risks which arise from environmental, social or governance events or conditions that could cause an actual or a potential negative impact for us, including through reputational damage, changes in levels of sales due to economic impacts, or changes to the value of investments or liabilities.

Risk emergence

Given the nature of our business and volume of data processed, some errors are likely to occur.

Rarer large-scale events with significant and immediate impact on our earnings could occur. Such events could also have a significant impact on our customers and reputation.

Strategic risks are an inherent part of being in business. If they were to be realised, they would result in reduced future sales and/or loss of existing business.

Risk mitigation

We accept limited operational risk as part of our business model. But we mitigate it through integrated and complementary policies, processes and controls. Our ORSA process, for example, specifically considers both the qualitative and quantitative aspects of operational risk.

- **Cyber risk and data loss mitigation:** we have extensive measures in place to identify and protect against cyber threats, as well as physical security measures and encryption of data.
- **Business Continuity risk:** our Board-approved Business Continuity Planning (BCP) policy ensures our business can carry on at off-site centres or in home offices if and when a crisis or other large-scale event happens.
- **Concentration risk mitigation:** we have a wide geographical spread of customers within Germany and an even distribution of business across the broker market. Our business operations are also spread over three locations.
- **Legal and regulatory risk mitigation:** we actively manage legal and regulatory risks according to best practice.
- **Outsourcing and supplier risk mitigation:** our Outsourcing and Supplier Risk Management Policy ensures our supplier services are protected by formal agreements and appropriate due diligence processes are followed.
- **Conduct risk mitigation:** we promise to conduct ourselves in a fair and ethical manner, as outlined in our Conduct Risk Policy and the Code of Conduct of our parent company Great-West Lifeco Inc. We actively manage conduct risks according to best practice.
- **Strategic risk mitigation:** we cannot control the likelihood of strategic risks being realised, but we can mitigate their impact on us through business planning, product diversification and other actions.
- **Sustainability risk mitigation:** our comprehensive risk management system covers our most material sustainability risks.

We record operational risks, as well as their associated controls and any associated losses, at the points where they occur in the business. We go on to identify and assess our top operational risks for specific mitigation and monitoring.

Risk monitoring

We monitor our operational risk exposures according to the processes and limits defined in our Operational Risk Policy and Risk Appetite Framework.

Each of our departments measures and maintains their own key risk indicators. They report quarterly as part of a risk dashboard to the Operational Risk Working Group. This group escalates operational risk issues as appropriate to our Executive Operational Risk Management Committee, who in turn can escalate them to the Risk Committee. Our Risk Function challenges all risk assessments made by the business.

There were no significant changes during 2025 to our operational risk exposure.

C.6. Other material risks

Transactions with Other Great-West Lifeco Companies

We are exposed to the risks of other companies within the Great-West Lifeco group as a result of internal reinsurance and other transactions (see section D.2.8 for details of the reinsurance assets at 31 December 2025). We conduct all transactions with Great-West Lifeco companies on an “arm's length” basis.

C.7. Any other information

Risk Sensitivities

We use a number of sensitivity tests to understand the volatility or not of our capital position. We regularly conduct sensitivity tests on our key risk exposures:

- to inform our decision-making and planning processes
- as part of our framework for identifying and quantifying the risks to which we’re exposed
- for monitoring the effectiveness of our risk-mitigation techniques
- for estimating our solvency position to monitor continuous compliance with risk appetite limits.

We have to make a number of assumptions when compiling our financial results. These include assumptions made about future experience in relation to expenses, mortality and other insurance experience rates, and persistency rates connected to our in-force policies. Our assumptions are best estimates and informed by an analysis of historic and expected future experience.
The table below sets out the results of our sensitivity tests (with each sensitivity tested as a single factor and assumptions about other sensitivities left unchanged). It indicates, for each sensitivity tested, the percentage change that would result at 31 December 2025 in our Solvency Capital Requirement (SCR) coverage ratio (the chief Solvency II measure of capital strength).

Sensitivity test results in %

Sensitivity test	Impact on SCR coverage ratio
0.5% increase in interest rates	5.0 %
0.5% fall in interest rates	(6.0)%
0.5% increase due to downgrade in creditworthiness	(0.1)%
10% fall in equity and property values	1.5 %
10% permanent increase in maintenance expenses	(7.2)%
10% permanent increase in policyholder lapse and paid-up rates	2.5 %
10% permanent reduction in policyholder lapse and paid-up rates	(2.7)%
5% permanent increase in mortality rates (excluding annuities)	(0.2)%
5% permanent deterioration in morbidity experience	(1.4)%
5% permanent decrease in annuity mortality rates	(0.8)%

Here is additional detail on some of the sensitivity tests:

- **Interest rate tests:** the tests consider the impact on the value of our technical provisions, offset by consistently calculated movements in the market value of fixed interest assets held. Different factors within the technical provisions are impacted in different ways by a change in interest rates, and it is the combination of these factors at 31 December 2025 that result in an improvement in the SCR coverage ratio from a rise in interest rates and a decrease in the SCR coverage ratio from a fall in interest rates.
- **Downgrade in creditworthiness test:** the test considers the impact on the yields on corporate bonds and other non-sovereign assets held. It allows for the estimated consequential impact on the value of our technical provisions.
- **Equity and property test:** the test allows for a partial offsetting reduction in the SCR equity stress in line with the EIOPA guidelines.

Key Messages from Sensitivities

The most significant sensitivity above is a permanent increase of 10% in maintenance expenses. We have robust risk mitigation and risk monitoring processes in place to manage and monitor these risks. Further information can be found in section C.1 to C.6 above.

Use of Special Purpose Vehicles (SPVs)

We do not use any Special Purpose Vehicles (SPVs) to transfer risks off our balance sheet.

Other Information

All material information on the risk profile of Canada Life Assurance Europe plc is contained in section A.5. and in sections C.1. to C.7.

D

Solvency and Financial
Condition Report

Valuation for Solvency Purposes

canada life™

D.1. Assets

This section is about our valuation of each kind of asset for Solvency II purposes. It explains:

- how the valuation of each asset class for Solvency II is different from the valuation for statutory financial reporting
- what we build our valuations on, and the methods and assumptions we use, both for Solvency II and for statutory financial reporting for the financial year ended 31 December 2025.

Value for each asset class on our Solvency II balance sheet at 31 December 2025

€ million

Asset category	Note	Reporting Standard (FRS)	Reclassification Adjustments	Represented FRS	Valuation Adjustments	Solvency II
Goodwill	1	0.0	0.0	0.0	0.0	0.0
Deferred acquisition costs	2	56.0	0.0	56.0	-56.0	0.0
Deferred tax assets	3	2.8	0.0	2.8	-2.8	0.0
Property, plant & equipment held for own use	4	1.3	0.0	1.3	11.4	12.7
Equities - listed	5	0.0	2,819.9	2,819.9	0.0	2,819.9
Government Bonds	6	226.7	1,376.4	1,603.1	0.0	1,603.1
Corporate Bonds	6	264.9	1,455.0	1,719.9	0.0	1,719.9
Collateralised securities	6	0.0	0.0	0.0	0.0	0.0
Investment funds	7	42.0	535.6	577.6	0.0	577.6
Participations	7	0.0	180.4	180.4	0.0	180.4
Derivatives	8	0.0	0.0	0.0	0.0	0.0
Deposits other than cash equivalents	9	43.4	211.5	254.9	0.0	254.9
Assets held for index-linked & unit-linked funds	10	9,453.6	-6,657.3	2,796.3	0.0	2,796.3
Other loans and mortgages	11	0.0	56.4	56.4	0.0	56.4
Reinsurance recoverables	12	650.7	0.0	650.7	-938.7	-288.0
Insurance and intermediaries receivables	13	9.3	0.0	9.3	0.0	9.3
Reinsurance receivables	14	30.9	0.0	30.9	0.0	30.9
Receivables (trade, not insurance)	15	4.8	17.7	22.5	0.0	22.5
Cash and cash equivalents	16	34.8	0.9	35.7	0.0	35.7
Any other assets, not elsewhere shown	17	125.3	4.8	130.1	0.0	130.1
Total		**10,946.6**	**1.3**	**10,947.9**	**-986.2**	**9,961.7**

Classification of Unitised-With-Profits (UWP) products

A large part of our business is held in a Unitised-With-Profits (UWP) fund. UWP products share features with both unit-linked and with-profits contracts. We have classified our UWP business as with-profit for Solvency II, based on EIOPA guidance.

Under Financial Reporting Standards (FRS), we classify our UWP business as “investments for the benefit of life-assurance policyholders who bear the investment risk”. We classify our matching liability as “technical provisions for life assurance policies where the investment risk is borne by the policyholders”.
The different classifications mean that the way we present the UWP business in financial statements differs from the way we present it in Solvency II Quantitative Reporting Templates. However, there is no difference in the valuation basis.

Note 1:

Goodwill

Goodwill is an intangible business asset. It includes such non-physical things as brand name and reputation, and shows up on the asset side of a company’s balance sheet.

Solvency II purposes

We value goodwill at nil in line with Article 12 of the Solvency II Delegated Regulations.

FRS purposes

Goodwill is stated at cost less its total reduction in value over time, known as accumulated amortisation, and impairment losses.

We did not hold any Goodwill balance on the FRS balance sheet and as a consequence we had no valuation difference between Solvency II and FRS.

Note 2:

Deferred Acquisition Costs

“Deferred acquisition costs” describes the practice of spreading the upfront cost of acquiring a new customer over the life of the insurance contract.

Solvency II purposes

We value deferred acquisition costs at nil in line with Article 12 of the Solvency II Delegated Regulations.

FRS purposes

Acquisition costs comprise of direct costs such as acquisition commissions and indirect costs of obtaining and processing new business. The acquisition costs which are assessed to be directly attributable to acquiring new business, net of related cash surplus relief advances and policy loadings received at outset, are deferred as an explicit deferred acquisition cost asset, to the extent that they are expected to be recoverable out of the future revenues to which they relate.

The deferred acquisition cost asset is amortised over a 5 year period, in line with the reduced premium allocation phase, using a straight line write-down pattern. We review deferred acquisition costs for impairment at the end of each financial year. We write off any amount we can’t recover to the profit & loss from the balance sheet straight away.

Note 3:

Deferred Tax Assets

Deferred tax is recognised in respect of all timing differences that have originated, but not yet reversed, at the balance sheet date. This means where transactions or events have occurred at that date it will result in an obligation to pay more tax or a right to pay less tax. When calculating a net deferred tax liability, deferred tax assets are offset only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The tax rate used to calculate the deferred tax balance is the rate that's expected to be in-force at the time the tax becomes payable. There is no expiry date of taxable temporary differences.

Solvency II purposes

The company only recognises a positive value to deferred tax assets where it is probable that future taxable profit will be available against which the deferred tax assets can be used, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or the carry forward of unused tax credits.

FRS purposes

There is a valuation adjustment due to how Solvency II and FRS recognise and de-recognise assets and liabilities on the balance sheet.

Note 4:

Property, Plant & Equipment Held For Own Use

This asset class consists of office furniture and fittings and right of use (ROU) leased assets under IFRS 16.

Solvency II purposes

We state tangible assets at cost less accumulated depreciation and impairment losses. We calculate depreciation to write off the costs of these assets to their residual value over their estimated useful lives. We believe our valuations closely reflect the fair value of these assets.

Operating leased assets of €11.5m recognised as applied for IFRS 16 are reported in Property, Plant and Equipment (PPE) held for own use. The right of use assets are related to material leased buildings for the offices in Dublin and Germany. We measure right of use assets similarly to PPE, the depreciation of the right of use assets are measured on a straight line basis. The corresponding right of use liabilities of €11.7m are reported in Financial liabilities other than debts owed to credit institutions under Section D3. The right of use assets and liabilities are initially measured on a present value of the lease payments, the discount rate used to determine present value is the rate of interest implicit in the lease agreement. The initial lease asset equals the lease liability.

FRS purposes

There is a valuation adjustment for right of use assets due to how Solvency II and FRS recognise and de-recognise assets and liabilities on the balance sheet.

Note 5:

Equities - Listed

Listed equities include ordinary shares and preference shares.

Solvency II purposes

Majority of equities valuations are classified as level 1 on the fair value hierarchy (See section D.4).
We value listed equities at fair value using the closing bid price from the exchange where they are principally traded.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 6:

Government Bonds, Corporate Bonds And Collateralised Securities

Solvency II purposes

Nearly all valuations for government bonds, corporate bonds and collateralised securities are classified as level 2 on the fair value hierarchy (see section D.4).

We value bonds by referring to quoted market bid prices. These prices are mainly from independent third-party pricing sources. If prices are not quoted in an active market, we use valuation models to determine fair value.
We maximize our use of observable inputs when measuring fair value. And we use quoted prices, when available, for identical assets at the balance sheet date to measure bonds at fair value.
To estimate the fair value of debt securities not traded in active markets, we refer to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. Our approach takes a range of factors into account, including the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as yield curves, credit curves, prepayment rates.
If bonds are not traded in active markets, we adjust valuations to reflect illiquidity. In general, we base these adjustments on available market evidence. If there is no evidence, we use our management's best estimate.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 7:

Investment Funds and Participations

Solvency II purposes

The majority of the valuations for investment funds are classified as level 1 on the fair value hierarchy (see section D.4) with the remainder classified as level 2 and Level 3. We hold a single participation which is classified as level 3 on the fair value hierarchy.
We value listed investment funds and participations, including money market funds, at fair value by referring to quoted market prices. We value units in unlisted funds using the latest price or valuation issued by fund managers.
Our managers review each fund price to assess how reasonable it is. They look at the illiquidity and pricing basis of any underlying assets, restrictions or redemptions put in place by fund managers, and evidence of trading at the issued price. If appropriate, they adjust the latest price or valuation from fund managers to reflect the illiquidity or latest valuations of underlying assets.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 8:

Derivatives

Derivatives include forward exchange rate agreements, futures contracts and call options.

Solvency II purposes

Majority of these derivative assets are classified as level 2 on the fair value hierarchy (see section D.4).

We use the bid value supplied by the counterparty to value Over-the-Counter (OTC) derivatives. Where possible, we use independent third-party software to confirm that the counterparty value is reasonable.

We value Exchange Traded Derivatives by using the closing price from the exchange in which they are traded. We value Foreign Exchange Traded Derivatives using a market feed of forward points and the corresponding interest rate.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 9:

Deposits Other than Cash And Cash Equivalents

Deposits other than cash and cash equivalents consist of deposits we hold for investment purposes.

Solvency II purposes

All deposit valuations are classified as level 1 on the fair value hierarchy (See section D.4) and are valued at their face value.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 10:

Assets Held For Index-linked And Unit-linked Funds

We hold unit-linked assets for the benefit of policyholders. We hold them within unit-linked funds. A unit-linked fund is an investment product that pools the premiums from many investors. Premiums are used to buy units in a fund. Investors select which fund to invest their premiums in and then fund managers invest premiums in a range of assets in line with the fund's objectives and mandate. These assets include:

- listed equities
- fixed income securities
- government bonds
- corporate bonds.

If their investment mandate allows it, funds can also invest in:

- derivatives
- foreign currency
- deposits
- exchange traded funds (EFTs)
- collective investment schemes such as a unit trust, investment trust or open-ended investment company.

Solvency II purposes

We value internal fund assets, such as shares and bonds, daily. Most of these asset valuations are classified as level 1 on the fair value hierarchy with the remainder classified as level 2 (see section D.4).

External fund managers provide daily valuations of external funds.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 11:

Other Loans and Mortgages

Solvency II purposes

We invest in commercial mortgage loans and these are classified as level 3 on the fair value hierarchy (see section D.4). Fair value of the level 3 mortgages is calculated based on the discounted present value of future contractual mortgage payments.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 12:

Reinsurance Recoverable

We have a number of reinsurance arrangements to reduce our exposure to certain risks. These risks include mortality risk, morbidity risk and longevity risk. We record reinsurance assets and liabilities separately on the balance sheet.

Solvency II purposes

We value reinsurance recoverables in line with Chapter III: Rules Relating to Technical Provisions of the Delegated Regulations.

We value the amount we expect to recover from reinsurers, and discount cash-flows on the risk-free yield curve using the same assumptions as for the best estimate of liabilities. We allow for volatility adjustment, matching adjustment and counterparty default adjustment.

Delegated Regulations - Article 41 (paragraph 3) requires that: “For the purpose of calculating the amounts recoverable from reinsurance contracts and special purpose vehicles, cash-flows shall only include payments in relation to compensation of insurance events and unsettled insurance claims. Payments in relation to other events or settled insurance claims shall be accounted for outside the amounts recoverable from reinsurance contracts and special purpose vehicles and other elements of the technical provisions policy.”

At 31 December 2025, we do not expect to recover any money from Special Purpose Vehicles (SPVs) as we do not use SPVs.

FRS purposes

The valuation difference between Solvency II and FRS is driven by the differences in valuation methodology for technical provisions (see section D.2).

The reinsurer's share of technical provisions includes amounts due from reinsurance companies for paid and unpaid losses, as well as ceded future life and pension policy benefits. We estimate amounts we can recover from reinsurers in a way that’s consistent with the claim liability linked to the reinsured policy.

Note 13:

Insurance And Intermediaries Receivables

Insurance and intermediaries receivables include outstanding premiums due from policyholders.

Solvency II purposes

These receivables are valued at the future cash amount expected to be received, net of any amounts considered doubtful debts.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 14:

Reinsurance Receivables

Reinsurance receivables are payments due from reinsurers at the reporting date.

Solvency II purposes

We value reinsurance receivables at the future cash amount expected to be received in line with Articles 9 and 10 of the Solvency II Delegated Regulations.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 15:

Receivables (trade, not insurance)

Solvency II purposes

Trade receivables are collateral balances deposited with counterparty in relation to meet derivative margin requirements. These are classified as level 1 on the fair value hierarchy (see section D.4).

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 16:

Cash And Cash Equivalents

Solvency II purposes

We value cash and cash equivalents at face value and these are based on level 1 of the fair value hierarchy (see section D.4).

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 17:

Any Other Assets, Not Shown Elsewhere

This includes other unit-linked assets not shown elsewhere on the balance sheet. It also includes other non-linked assets not shown anywhere else on the balance sheet, e.g. intercompany debtors, accrued external fees and management charges due.

Solvency II purposes

We record these assets at their fair value, net of any amounts considered doubtful debts.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Any other significant information

There are no asset classes affected by finance lease arrangements. We had material operating lease obligations at the financial year end which has been classified as Right of Use assets and liabilities.
We made no changes during the year to the recognition and valuation basis of the assets outlined above. Please see section D.4 for information on estimation uncertainty.

D.2. Technical provisions

Technical provisions represent the value of our liabilities for policies we have written.
Solvency II technical provisions include:

- account values / unit liabilities (called “Technical provisions calculated as a whole”)
- best estimate of liabilities
- risk margin.

D.2.1. Valuation Results at 31 December 2025

In € million

	Solvency II				
	Life: with-profit participation	Life: unit-linked insurance	Life: health insurance (SLT health)	Other life insurance	Total
Technical provisions calculated as a whole	7,162.4	2,819.1	0.0	0.0	9,981.5
Best estimate of liabilities	-865.5	-317.4	-615.9	285.7	-1,513.1
Risk margin	108.8	62.2	112.1	7.7	290.8
Total	**6,405.7**	**2,563.9**	**-503.8**	**293.4**	**8,759.2**

D.2.2. Valuation methodology

For the majority of our business, we calculate technical provisions on an individual deterministic policy-by-policy basis (which reflects our view of the future) using an actuarial valuation system called ‘Prophet’. These approaches reflect the nature, scale and complexity of the risks within our insurance business.

The Unitised-With-Profits ("UWP") fund and the variable annuity products are savings and investment products with investment guarantees. We are exposed to equity and bond market movements through the guarantees on these funds. However, our reinsurance arrangements remove our direct exposure to the guarantees. We describe how this works in section D.2.8.

At year-end 2025, we used a ‘market consistent’ economic scenario generator ("ESG") – a tool that produces thousands of random sequences of market variables, like interest rates and equity returns. The ESG was provided by Moody’s Analytics, a leading specialist provider to the insurance industry, who calibrated it to the Euro-swap curve at year-end 2025. Stochastic models (‘Prophet’) are used to project each fund with investment guarantees under different investment market scenarios over the next 50 years. These models also take account of the funds’ investment mandates, respective smoothing mechanisms and policyholder maturity profiles.

Under Solvency II, we have to segment our insurance obligations into lines of business and homogeneous risk groups that reflect the risks underlying each obligation. This is straightforward as we calculate our technical provisions on a policy-by-policy basis and can group individual policies depending on their characteristics.

- **Products that invest entirely in the UWP fund:** we include these in our life insurance “with profit participation” business.
- **Products that invest entirely in unit-linked funds:** we include these in our “unit-linked insurance” business.

- **Products that invest in a mix of UWP and unit-linked funds:** we assign these to either our "with profit participation" or "unit-linked insurance" business, depending on whether the higher percentage is invested in UWP or unit-linked funds.
- **Non-linked health insurance products:** we include these in our health insurance business.
- **Term assurance:** we include this in our "other life insurance" business.
- **Annuities**: we include these in our "other life insurance" business.

D.2.3. Valuation assumptions

Under Solvency II, best estimate liabilities must represent the probability weighted average of future cash-flows. This is in line with Article 77(2) of Directive 2009/138/EC. We use assumptions consistently over time. We regularly monitor actual experience relative to the assumptions, changing assumptions only where an experience investigation or other factors justify it.

We establish the assumed persistency rates – the volume of business we expect to retain – in the annual persistency study. This looks at our own experience over the previous five years as well as industry data where we do not have enough own experience to make credible assumptions.

We make assumptions about biometric risk – which includes the risk of death, disability and living longer – based on our own experience over the previous five years. We take industry data into account where we do not have enough own experience to make credible assumptions. Where appropriate, we also allow for expected future improvement (annuitant mortality) or deterioration (morbidity).

We work out contractual policy expenses (e.g. sales commissions) on a best estimate basis. We make assumptions about operating expenses per policy based on analysis of our own functional costs. We set investment expenses to reflect the terms of our contractual arrangements.

Economic assumptions under Solvency II require a market-consistent, risk-neutral investment modelling approach. So, we project unit-linked and UWP fund returns using the risk-free yield curve. In turn, we discount the value of future profits using the same risk-free yields.

We set option take-up rates based on our own experience. We take industry data into account where we do not have enough own experience to make credible assumptions.

Our counterparty default rates depend on credit ratings and default probabilities from the Moody's Analytics ESG mentioned above. The recovery following default is capped at 50% for consistency with EIOPA guidance on default risk for the Standard Formula.

In setting assumptions, events not in our own data are considered and we are satisfied that no adjustment is required for events not in our own data.

D.2.4. Level of uncertainty associated with the amount of the technical provisions

Estimates are always uncertain, by their nature, and uncertainty is an integral part of insurance.

Section C showed the impact of various sensitivities on our solvency ratio. While the sensitivities are not calibrated to a specific probability, they indicate that our Best Estimate of Technical Provisions are most sensitive to a large increase in expenses, a change in interest rates and a change in lapse and paid-up rates across all products. We discussed these risks in more detail in Section C.

D.2.5. Comparison of Solvency II against financial statements

We have prepared our financial statements in line with Financial Reporting Standards. We do not write traditional German with-profits business where the amount of profit paid as dividends to shareholders depends on earnings reported in the financial statements. As a result, our Solvency II technical provisions do not depend on the results in our financial statements.

Comparison of the technical provisions calculated on both bases at 31 December 2025

in € million

	Solvency II				
	Life: with-profit participation	Life: unit-linked insurance	Life: health insurance (SLT health)	Other life insurance	Total
Technical provisions calculated as a whole	7,162.4	2,819.1	0.0	0.0	9,981.5
Best estimate of liabilities	-865.5	-317.4	-615.9	285.7	-1,513.1
Risk margin	108.8	62.2	112.1	7.7	290.8
Total	**6,405.7**	**2,563.9**	**-503.8**	**293.4**	**8,759.2**
	Financial statements (FRS)				
	Life: with- profit participation	**Life: unit-linked insurance**	**Life: health insurance (SLT health)**	**Other life insurance**	**Total**
Technical provisions calculated as a whole	7,162.4	2,819.1	0.0	0.0	9,981.5
Prudent valuation of liabilities	64.2	120.0	59.8	297.1	541.1
Total	**7,226.6**	**2,939.1**	**59.8**	**297.1**	**10,522.6**
	Valuation adjustment (Solvency II – FRS)				
	Life: with-profit participation	**Life: unit-linked insurance**	**Life: health insurance (SLT health)**	**Other life insurance**	**Total**
Technical provisions calculated as a whole	0.0	0.0	0.0	0.0	0.0
Prudent valuation of liabilities	-820.9	-375.2	-563.6	-3.7	-1,763.4
Total	**-820.9**	**-375.2**	**-563.6**	**-3.7**	**-1,763.4**

We calculate our Financial Reporting Standards ("FRS") liabilities on the statutory solvency basis defined in the European Communities (Life Assurance) Framework Regulations, 1994. These regulations are adjusted to discount using the Euro swap rate curve (consistent with Solvency II) and assume best estimate persistency rates with a margin

for prudence, and to remove the net premium methodology and certain reserves such as resilience and other contingency reserves.

The Solvency II technical provisions comprise the best estimate liabilities and the risk margin. We work out the risk margin as the cost of holding capital equal to the non-hedgeable portion of the Solvency Capital Requirement (SCR) projected over the lifetime of our insurance obligations. EIOPA has set a 6% per annum cost of capital.

There are differences in the way we value technical provisions for Solvency II and FRS purposes. The key differences in technical provisions stem mainly from:

- how we recognize future profits
- the economic scenarios we use to value investment guarantees
- how we allow for uncertainty.

D.2.5.1. Recognition of future profits

Under FRS, we recognise only the future profits we can recover if a policyholder surrenders a policy immediately. To achieve this, for each policy, the minimum liability held is the surrender value. This minimum liability does not apply to the best estimate liability under Solvency II. If we expect the value of money coming in (e.g. premiums and charges) to be greater than money going out (e.g. claims and expenses), then the best estimate liability could be negative. Because of this, technical provisions under Solvency II are lower.

D.2.5.2. Economic scenarios

For the FRS valuation of investment guarantees we use economic scenarios from a Moody's Analytics ESG (see section D.2.3) which has been calibrated to produce real-world scenarios allowing for the higher returns expected from investing in riskier assets such as equities and corporate bonds. As outlined above, we value Solvency II liabilities on a market consistent risk-neutral basis where all future returns are based on estimated risk-free rates. Because of this difference, technical provisions are higher (more prudent) under Solvency II.

D.2.5.3. Allowance for uncertainty

Solvency II allows for uncertainty in the best estimate of liabilities through the requirement to hold an explicit risk margin. The risk margin is held in addition to the best estimate of liabilities as a provision toward the cost to another insurer of taking over and meeting our insurance obligations.

Under FRS there is no explicit risk margin. However, each valuation assumption includes a margin for prudence which are individually set to increase the liability.

These differences in the basis of valuations can affect the valuation in different ways. However, the provisions for future liabilities are normally lower under Solvency II.

D.2.6. Transitional measures and allowable adjustments

The Solvency II Directive includes a number of transitional measures that allow firms to move to full implementation over time. We do not rely on any of these transitional measures or adjustments. That means that:

- we do not use the matching adjustment referred to in Article 77b of Directive 2009/138/EC
- we do not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- we do not apply the transitional risk-free interest rate term structure referred to in Article 308c of Directive 2009/138/EC
- we do not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC

D.2.7. Use of simplifications or approximations

When we calculate Solvency II technical provisions, we follow the methodology prescribed under Solvency II.

We base the risk margin on a projection of future SCRs. We project future SCRs at every five year interval and assume that changes happen between these valuations in a gradual and linear way. Where this approach is not feasible for certain risks (e.g. counterparty or operational risk) we use appropriate risk drivers to project the SCRs. This is permitted under Article 58 of the Delegated Regulations.

When calculating the risk margin, insurers are required to exclude the cost of holding capital for market risks that could be avoided. We assumed that:

- all market risks can be hedged and so are excluded from the risk margin
- counterparty exposures to cash at bank and intercompany balances are avoidable and so are excluded from the risk margin.

D.2.8. Recoverables from reinsurance contracts and special purpose vehicles

We use reinsurance extensively to:

- protect ourselves against the risk of adverse claims experience
- limit our maximum exposure to investment-related guarantees
- improve liquidity and make efficient use of capital.

The main types of risk we currently reinsure are as follows:

- The risk relating to mortality and morbidity benefits offered on individual insurance business.
- The investment risks on UWP pension and variable annuity business.
- The longevity risks on variable annuity business.

We also use financial reinsurance to alleviate the liquidity strain associated with new business.

Our Reinsurance and Risk Mitigation Policy

This policy gives us a framework for using reinsurance to manage risk and to pass on risk when it is rewarding or prudent to do so. The policy includes minimum financial strength ratings which reinsurers must meet. It also sets out the collateral requirements we must consider for all new reinsurance arrangements that expose us to significant potential loss if the reinsurer defaults.

This table breaks down our reinsurance recoverables at 31 December 2025 by line of business in € million

	Life: with-profit participation	Life: unit-linked insurance	Life: health insurance (SLT health)	Other life insurance	Total
Total	**47.1**	**-143.1**	**-205.7**	**13.7**	**-288.0**

Our external reinsurers are all highly rated (either AA or A by Standard & Poor's) companies. Our Risk Function monitors our exposure to reinsurers and their credit ratings every quarter. We have no concerns about the liquidity of any of our reinsurers.

We do not use special purpose vehicles (SPVs).

D.2.9. Assumption changes

As described in section D.2.3 we annually update our valuation assumptions at each valuation date to reflect our own experience of persistency, mortality and morbidity risks and our expenses.

The main changes reflected in the 31 December 2025 assumption updates were to our mortality, persistency and expense assumptions.

D.3. Other liabilities

This section is about our valuation of each kind of 'other liability' for Solvency II purposes. This includes explanations of:

- how the value of each 'other liability' for Solvency II is different from valuing it for statutory FRS financial statements
- the valuation bases, methods and main assumptions used for Solvency II for the financial year ended 31 December 2025, and how they differ from those used for statutory FRS financial statements.

We expect to pay off our financial liabilities within the financial year unless we state otherwise below.

Value for each kind of other liability on our Solvency II balance sheet at 31 December 2025

in € million

Liabilities Type	Note	FRS	Reclassification Adjustments	Represented FRS	Valuation Adjustments	Solvency II
Provisions other than technical provisions	1	12.0	0.0	12.0	0.0	12.0
Derivatives	2	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	3	0.0	0.0	0.0	135.6	135.6
Insurance & intermediaries payables	4	124.0	0.0	124.0	0.0	124.0
Reinsurance payables	5	48.5	0.0	48.5	0.0	48.5
Debts Owed to Credit Institutions	6	0.0	0.4	0.4	0.0	0.4
Financial liabilities other than debts owed to credit institutions	7	0.0	0.0	0.0	11.7	11.7
Payables (trade, not insurance)	8	18.8	0.0	18.8	0.0	18.8
Any other liabilities, not elsewhere shown	9	41.2	0.9	42.1	25.0	67.1
Total		**244.5**	**1.3**	**245.8**	**172.3**	**418.1**

Note 1:

Provisions Other Than Technical Provisions

'Other provisions' include restructuring costs and litigation costs expected to be settled in respect of legal claims taken against the Company. The majority of this balance is not expected to be settled within the current financial year.

Solvency II purposes

We derive the value of each provision by reviewing and evaluating the expected outflow required to settle the liability to which the provision applies.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 2:

Derivatives

Derivative liabilities include forward exchange rate agreements

Solvency II purposes

Majority of derivative liabilities are classified as level 2 on the fair value hierarchy (see Section D.4). We use the bid value supplied by the counterparty to value Over-the-Counter (OTC) derivatives. Where possible, we use independent third-party software to confirm that the counterparty value is reasonable.
We value Exchange Traded Derivatives by using the closing price from the exchange in which they are traded. We value Foreign Exchange Traded Derivatives using a market feed of forward points and the corresponding interest rate.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 3:

Deferred Tax Liability

Deferred tax is recognised when transactions or events that have happened at the balance sheet date mean either more or less tax is payable than is due on the current year's tax return. A deferred tax liability arises when the tax on an asset value at balance sheet date does not have to be paid in the current tax year, but may be payable in the future, e.g. when the asset is sold. We do not have any unused tax losses and there is no expiry date in relation to the taxable temporary differences.

Solvency II purposes

The tax rate we use to calculate the deferred tax is the rate we expect to be in force at the time the tax becomes payable.

FRS reporting purposes

There is a valuation adjustment due to how Solvency II and FRS recognise and de-recognise assets and liabilities on the balance sheet.

Note 4:

Insurance & Intermediaries Payables

Insurance and intermediaries payables refers to the balance of outstanding claims payable to policyholders, commissions payable and policyholder premiums received in advance.

Solvency II purposes

We value insurance and intermediaries payables on an accruals basis – recording revenues and expenses when we incur them, regardless of when we exchange payments.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 5:

Reinsurance Payables

Reinsurance payables represent balances due to reinsurers in respect of risk reinsurance on premiums receivable and financial reinsurance payable.

Solvency II purposes

We value payments at the cash amount we expect to pay in the future.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 6:

Debts Owed to Credit Institutions

Debts owed to credit institutions comprise collateral received from a credit institution related to an investment made.

Solvency II purposes

Debts owed to credit institutions are valued at face value.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 7:

Financial liabilities other than debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions are related to liabilities on Operating Leases.

Solvency II purposes

Right of use liabilities of €11.7m recognised as applied for IFRS 16 are reported in Financial liabilities other than debts owed to credit institutions. Please see details in Section D.1. above.

FRS purposes

There is a valuation adjustment due to how Solvency II and FRS recognise and de-recognise assets and liabilities on the balance sheet.

Note 8:

Payables (Trade, Not Insurance)

Trade payables are payments billed by suppliers for goods and services supplied, or tax we owe.

Solvency II purposes

We value these payments at the cash amount we expect to pay in the future.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 9:

Any Other Liabilities, Not Shown Elsewhere

This includes other unit-linked and non-linked liabilities not shown elsewhere on the balance sheet. Significant liabilities include balances with other group companies, approved dividends and outstanding balances with brokers and accruals.

Solvency II purposes

We recognise these liabilities on an accruals basis. We value them at the amount we expect to pay in the future.

FRS reporting purposes

Other than the foreseeable dividend which is not included in the Balance Sheet under FRS, there is no other valuation difference between Solvency II and FRS. However, some of these liabilities are presented differently under FRS rules.

Any other material information

We made no changes during the year to the recognition and valuation basis of the liabilities above except operating lease liabilities. There is no early adoption for IFRS 16 under FRS, therefore right of use assets and liabilities are treated differently between SII and FRS, please see Section D.1. and D.3. for the details. You can find information on estimation uncertainty in section D.4.

Material contingent liabilities are required to be recognised in the Solvency II balance sheet in accordance with Article 11 of the Delegated Regulations. The Company does not have material contingent liabilities in its Solvency II balance sheet as at 31 December 2025.

Employee retirement benefits

We operate a defined contribution pension scheme for certain employees. We hold the assets of the scheme separately from our own assets in an independently administered fund. No contributions were payable to the scheme at the financial year-end.

Our operating expenses also include a charge for the pension costs associated with certain employees who are members of the defined benefit staff pension scheme operated by another group company (Canada Life Irish Holding Company). This spreads the pension cost over the service lives of the employees.

We have a services agreement with Canada Life Group Services Limited. Under this agreement certain employees are seconded to us from Canada Life Group Services Limited. Canada Life Group Services Limited is responsible for paying a significant portion of salary and benefits, including pension entitlements, to these employees.

D.4. Alternative methods for valuation

Overview of methodology for valuing invested assets

The Technical Specification (EIOPA 14/209) outlines the Solvency II rules on how to value assets and liabilities, other than technical provisions. It says that, unless otherwise stated, the default reference framework should be the international financial reporting standards, as adopted by the European Commission in line with Regulation (EC) No. 1606/2002.

In most cases those international financial reporting standards (IFRS) and Solvency II give consistent valuations.

For our annual statutory financial statements we recognise assets and liabilities in line with IFRS. As required under IFRS 13 (Fair Value Measurement), our annual audited statutory financial statements disclose how we value assets and liabilities across level 1, 2 and 3. This is the fair value hierarchy.

- **Level 1**: fair value measurements based on quoted market prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- **Level 2**: fair value measurements based on inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: fair value measurements based on valuation techniques that include inputs for the asset and liability that are based on unobservable market data.

Level 1 and 2 show what's known as a "mark to market" approach. This means values are based on readily available prices in orderly transactions that are sourced externally. Valuations are based on Level 2 measurements when Level 1 measurements are not available.

Level 3 shows a "mark to model" approach. This means values are based on assumptions or financial models. Valuations are based on Level 3 measurements in limited circumstances as described below under "Mark to model".

Where assets are "mark to model" the relevant primary investment manager must maintain supporting documents addressing:

- a description of the process followed (model design) and the data/assumptions it uses (including assessment of data quality)
- the reason why a "mark to market" approach is not possible
- the sign-off process applied in reviewing the valuation and other applicable controls (such as any applicable benchmarking of valuation output to other comparable methods)
- the level of uncertainty in the valuation approach and an assessment of the model's performance in this case (this should include any particular circumstances where the approach might be ineffective)
- the results of any independent check performed to do with model outputs
- possible alternative valuation models where primary models are complex.

Mark to market

We source prices from third-party, independent pricing sources.

Mark to model

The fair value of the commercial mortgages is calculated based on the discounted present value of future contractual mortgage payments.

Estimation uncertainty

We base estimates and associated assumptions on experience and other factors which we believe to be reasonable under the circumstances. These factors are reflected in our judgements about the valuations of assets and liabilities which are not objectively verifiable. We review the estimates, underlying assumptions and associated uncertainties regularly and revise them where necessary to reflect current conditions.

D.5. Any other information

There is no other important information to report.

E

Solvency and Financial
Condition Report

Capital Management

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This section describes the components of our own funds as at 31 December 2025, as well as the policies and processes we use to make sure we meet all regulatory capital requirements when we manage own funds.

E.1. Own funds

Own funds are how much the value of our assets exceeds the value of our liabilities, where the value of our liabilities includes technical provisions.

E.1.1. Capital Management and Liquidity Policy

Our Capital Management and Liquidity Policy aligns with our strategic objectives, the scale and nature of our business, and our risk profile. This policy makes sure we have enough capital, reserves and liquidity to meet our liabilities as they fall due and to meet our regulatory solvency requirements. It covers a range of stressed scenarios. We set our reserves in line with the conditions set out in our Actuarial Reserving Policy.

We manage our capital so we remain solvent enough to carry out our long-range strategic plan and current business plan within our risk appetite. Through our Enterprise Risk Management framework, we identify all significant risks that could potentially need capital. We actively and regularly review the local capital ratios – the ratio of capital to risk – and the quality of our capital.

We monitor asset cash-flows so that, both in timing and scale, they give us enough liquidity to meet our liabilities as they fall due.

E.1.1.1. Framework for capital management

We aim to manage our own funds so that our solvency ratio stays within a targeted range at all times. This protects us against adverse changes in our overall risk profile, and takes into account our preferences for material risks specified in our Risk Strategy. When setting the target range for the solvency ratio, the board considers the capital projections and stress tests produced as part of the Own Risk and Solvency Assessment ("ORSA") process. This process projects the solvency ratio for the next five years.

E.1.1.2. Framework for liquidity management

We monitor our liquidity needs by carrying out regular (at least once a year) projections of cash-flows in and out of the business in both base and stressed scenarios. Incoming cash-flows include premiums and fund management charges and outgoing cash-flows include commissions and expenses. We carry out these projections over the short-, medium- and long-term, and include the projection of new business.

E.1.2. Breakdown of own funds

Own funds are divided into three tiers based on their permanence and how well they can absorb losses. Tier 1 funds are the highest quality. Our entire tier 1 capital is available to meet our Minimum Capital Requirement ("MCR") and Solvency Capital Requirement ("SCR").

Breakdown of own funds at 31 December 2025 in € million

	Tier	31-Dec-25	31-Dec-24
Paid-up share capital	1	7.0	7.0
Capital contribution/dividends	1	0.0	0.0
Reconciliation reserve	1	777.6	890.8
Total	**1**	**784.6**	**897.8**

E.1.2.1. Share capital

As at 31 December 2025, we had fully paid-up issued share capital of €7m. We have treated this as tier 1 capital to meet our MCR and SCR. This is because our share capital meets the requirements of Article 71 of the Delegated Regulation (EU) 2015/35 in that it is undated, it is available to absorb losses and it ranks after all other claims if our business were to be wound up.

E.1.2.2. Capital Contribution

As at 31 December 2025, we have no capital contributions.

E.1.2.3. Reconciliation reserve

As at 31 December 2025, we had a reconciliation reserve of €777.6m. It equals the excess of assets over liabilities from the Solvency II balance sheet, reduced for paid up share capital and proposed/payable dividends. We have judged this to be tier 1 capital to meet our MCR and SCR.

Our reconciliation reserve at 31 December 2025 in € million

	31-Dec-25	31-Dec-24
Retained earnings (FRS financial statements) adjusted for:	172.7	301.9
Difference in net technical provisions under Solvency II - net of reinsurance	824.6	758.3
Difference in asset valuation under Solvency II	-44.5	-18.8
Difference in other liabilities valuation under Solvency II	-11.7	-13.6
Solvency II deferred tax liabilities	-138.4	-112.0
Proposed/Payable dividend	-25.0	-25.0
Reconciliation reserve	**777.6**	**890.8**

See Section E.1.4 for an explanation of the differences between the FRS financial statements and Solvency II.

E.1.2.4. Other instruments

Our own funds do not include any subordinated debt, preference shares or other hybrid instruments.

E.1.2.5. Change in own funds in 2025

Our own funds decreased by €113.2m in 2025. The decrease of €113.2m is mainly due to the impact of dividends paid and payable, partially offset by growth in our business and the impact of falling interest rates in 2025.

E.1.3. Eligible own funds to cover SCR and MCR

Whether or not our own funds are eligible to cover our SCR and MCR is governed by:

- Section 3, Subsection 3, Articles 98 to 99 of the Directive 2009/138/EC
- Chapter IV, Section 3, Articles 80 to 82 of the Delegated Regulation (EU) 2015/35.

We have reviewed these guidelines to decide which of our own funds are eligible. Currently, we view all of them as eligible.
At 31 December 2025, we had €784.6m of own funds eligible to meet both our SCR and MCR. This entire amount is classified as tier 1 capital.

Own funds eligible to meet SCR and MCR at 31 December 2025 in € million

	31-Dec-25	31-Dec-24
Own funds		
Tier 1	784.6	897.8
Solvency Capital Requirement	469.4	499.5
Solvency ratio	**167.1 %**	**179.7 %**
Minimum Capital Requirement	211.2	224.8
Eligible own funds as a percentage of MCR	**371.4 %**	**399.4 %**

We will continue to monitor the eligibility of our own funds every quarter.

E.1.4. Reconciliation from Financial Reporting Standards to Solvency II

This table below shows the difference between the shareholders' funds shown in the financial statements and the own funds for Solvency II in € million

	31-Dec-25	31-Dec-24
Total shareholders' funds from life assurance	**179.6**	**308.8**
Difference in technical provisions under Solvency II	824.6	758.4
Difference in Property	11.5	13.4
Removal of deferred acquisition costs	-56.0	-32.2
Financial liabilities other than debts owed to credit institutions	-11.7	-13.4
Solvency II deferred tax liabilities	-138.4	-112.0
Proposed/Payable dividend	-25.0	-25.0
Regulatory adjustments to valuation of assets and liabilities	**605.0**	**589.0**
Solvency II own funds	**784.6**	**897.8**

These are the key differences between the shareholders' funds in the financial statements and the Solvency II own funds.

- How we value insurance contract liabilities in the financial statements differs from how we value technical provisions under Solvency II. There's more detail on this in section D.2.
- We hold a deferred tax liability for the tax arising on the above differences between financial statements and Solvency II.
- Under Solvency II, we reduce the value of own funds for expected dividend payments.

E.1.5. Transitional measures

We do not use any Solvency II transitional measures.

E.1.6. Ancillary own funds

Under Solvency II, ancillary own funds are funds other than basic own funds that can be used to absorb losses. We do not have any ancillary own funds available to support our Solvency II needs. In the future, if we have ancillary own funds available, we will seek approval from the Central Bank of Ireland to include these in the own funds calculations required by Article 90 of the Directive 2009/138/EC.

E.1.7. Deductions from own funds and restrictions on transferability

We are not required to deduct any items from our own funds. We view all of our own funds as tier 1 capital for the purpose of meeting our MCR and SCR. There are also no significant restrictions on how we can transfer our own funds. We do not have any ring-fenced funds.

E.2. Own funds Solvency Capital Requirement and Minimum Capital Requirement

E.2.1. Solvency Capital Requirement

We calculate the Solvency Capital Requirement ("SCR") using the Standard Formula. This is the sum of:

- Basic Solvency Capital Requirement ("BSCR")
- Solvency Capital Requirement for operational risk
- adjustments for the loss absorbing capacity of technical provisions and deferred taxes.

The BSCR is the sum of the capital requirements arising on the following six risk modules, allowing for diversification benefits:

- market
- counterparty default
- life underwriting
- health underwriting
- non-life underwriting (not relevant to us)
- intangible assets (not relevant to us).

MCR and SCR split by risk module in € million

	31-Dec-25	31-Dec-24
Market risk	**118.6**	**163.1**
Counterparty default risk	42.5	44.0
Life underwriting risk	349.1	351.1
Health underwriting risk	239.7	227.9
Diversification benefits	-214.2	-231.8
Total BSCR	**535.7**	**554.3**
Operational risk	37.7	37.0
Loss absorbing capacity of technical provisions	-0.8	-0.8
Loss absorbing capacity of deferred tax	-103.1	-91.0
SCR	**469.4**	**499.5**
MCR	**211.2**	**224.8**

Loss Absorbing Capacity of Deferred Tax: The revenue loss incurred under the stressed business conditions underlying the SCR calculation would create a tax loss which could be offset against the Deferred Tax Liability and, if that was not sufficient, it could be used to reduce the tax charge on future New Business profits (at normal budgeted levels for a maximum of 5 years).

The loss absorbing capacity of deferred taxes of €103.1m was fully recoverable from CLE's Deferred Tax Liability of €135.9m. No Deferred Tax Asset was held under Solvency II at 31 December 2025.

E.2.2. Use of simplified methods

We do not use any simplified methods.

E.2.3. Use of undertaking-specific parameters or capital add-ons

We do not use undertaking-specific parameters and have no capital add-ons.

E.2.4. Minimum Capital Requirement

How we calculated the Minimum Capital Requirement at 31 December 2025 in € million

	Amount	Factor	Contribution to MCR
Obligations with profit participation: guaranteed benefits	6,247.2	3.7%	231.1
Obligations with profit participation: future discretionary benefits	2.7	-5.2%	-0.1
Unit-linked insurance obligations	2,644.9	0.7%	18.5
Capital at risk	11,033.6	0.07%	7.7
Total MCR (pre application of range below)			**257.2**
Total MCR (post application of range below)			**211.2**

	SCR	Factor	Value
Minimum MCR (based on % of SCR)	469.4	25%	117.4
Maximum MCR (based on % of SCR)	469.4	45%	211.2

- For obligations with profit participations, we include the best estimate of liabilities (allowing for reinsurance) plus the unit reserves on our Unitised-With-Profits business.
- For unit-linked insurance obligations, we include the best estimate of liabilities (allowing for reinsurance) and the unit reserves on our unit-linked business.
- For capital at risk, we include the total benefits in force (net of reinsurance) less reserves held for those benefits.

E.2.5. Changes in the SCR and MCR over the reporting period

Our SCR decreased by €30m over 2025. This decrease was mainly due to:

- Management Actions
- An update to the Effective Tax Rate
- A rise in Euro interest rates

Partially offset by:

- Assumption Updates
- Growth in our business, including persistency and movements in the in-force block

The MCR decreased by €14m over 2025.

E.3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

We do not use the duration-based equity risk sub-module, which is optional under the Solvency II regulations.

E.4. Differences between the Standard Formula and any internal model used

We use the Standard Formula to calculate the SCR, so there are no differences between the standard model and our internal model.

E.5. Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Throughout 2025 we complied with both the MCR and SCR requirements.

E.6. Any other information

We have no additional information about our capital management to disclose in this report.

F

Solvency and Financial Condition Report

Appendix

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General Information

Undertaking name	Canada Life Assurance Europe plc
Undertaking identification code	213800ZK7A1XGTCD2U22
Type of code of undertaking	LEI
Type of undertaking	Life undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31/12/2025
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02	Balance sheet
S.04.05.21	Premiums, claims and expenses by country
S.05.01.02	Premiums, claims and expenses by line of business
S.12.01.02	Life and health SLT technical provisions
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement - only life or only non-life insurance or reinsurance activity

S.02.01.02 - Balance sheet €'000

Assets		Solvency II value C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	12,816
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	7,155,750
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	180,356
R0100	Equities	2,819,898
R0110	Equities - listed	2,819,898
R0120	Equities - unlisted	0
R0130	Bonds	3,323,008
R0140	Government Bonds	1,603,068
R0150	Corporate Bonds	1,719,940
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	577,612
R0190	Derivatives	1
R0200	Deposits other than cash equivalents	254,874
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	2,796,296
R0230	Loans and mortgages	56,443
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	56,443
R0270	Reinsurance recoverables from:	-288,009
R0280	Non-life and health similar to non-life	0
R0290	Non-life excluding health	0
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding index-linked and unit-linked	-144,872
R0320	Health similar to life	-205,668
R0330	Life excluding health and index-linked and unit-linked	60,796
R0340	Life index-linked and unit-linked	-143,137
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	9,335
R0370	Reinsurance receivables	30,854
R0380	Receivables (trade, not insurance)	22,463

Assets		Solvency II value C0010
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	35,668
R0420	Any other assets, not elsewhere shown	130,129
R0500	**Total assets**	**9,961,744**

S.02.01.02 - Balance sheet €'000

Liabilities		Solvency II value C0010
R0510	Technical provisions - non-life	0
R0520	Technical provisions - non-life (excluding health)	0
R0530	TP calculated as a whole	0
R0540	Best Estimate	0
R0550	Risk margin	0
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	6,195,254
R0610	Technical provisions - health (similar to life)	-503,862
R0620	TP calculated as a whole	0
R0630	Best Estimate	-615,932
R0640	Risk margin	112,070
R0650	Technical provisions - life (excluding health and index-linked and unit-linked)	6,699,115
R0660	TP calculated as a whole	7,162,353
R0670	Best Estimate	-579,789
R0680	Risk margin	116,552
R0690	Technical provisions - index-linked and unit-linked	2,563,887
R0700	TP calculated as a whole	2,819,123
R0710	Best Estimate	-317,392
R0720	Risk margin	62,157
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	11,962
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	135,632
R0790	Derivatives	47
R0800	Debts owed to credit institutions	358
R0810	Financial liabilities other than debts owed to credit institutions	11,659
R0820	Insurance & intermediaries payables	123,965
R0830	Reinsurance payables	48,541
R0840	Payables (trade, not insurance)	18,764
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in BOF	0

Liabilities		Solvency II value C0010
R0870	Subordinated liabilities in BOF	0
R0880	Any other liabilities, not elsewhere shown	67,127
R0900	**Total liabilities**	9,177,196
R1000	**Excess of assets over liabilities**	**784,548**

S.04.05.21 - Premiums, claims and expenses by country: Life insurance and reinsurance obligations €'000

R1010	Life	Home Country	Top 5 countries (by amount of gross premiums written): life and health SLT				
			DE				
		C0030	C0040	C0041	C0042	C0043	C0044
R1020	Gross Premium Written		1,041,306				
R1030	Gross Earned Premium		1,041,306				
R1040	Claims Incurred		622,760				
R1050	Gross Expenses Incurred		251,703				

S.05.01.02 - Premiums, claims and expenses by line of business €'000

		Line of Business for: life insurance obligations				
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
		C0210	C0220	C0230	C0240	C0300
	Premiums written					
R1410	Gross	107,712	669,511	179,219	84,863	1,041,306
R1420	Reinsurers' share	82,644	121,058	49,834	2,428	255,964
R1500	Net	25,068	548,454	129,385	82,435	785,342
	Premiums earned					
R1510	Gross	107,712	669,511	179,219	84,863	1,041,306
R1520	Reinsurers' share	82,644	121,058	49,834	2,428	255,964
R1600	Net	25,068	548,454	129,385	82,435	785,342
	Claims incurred					
R1610	Gross	8,508	391,922	205,928	16,401	622,760
R1620	Reinsurers' share	7,481	47,371	28,315	1,690	84,857
R1700	Net	1,028	344,551	177,613	14,711	537,903
R1900	**Expenses incurred**	31,205	111,650	23,263	5,612	171,731
R2510	**Balance - other technical expenses/income**					
R2600	**Total technical expenses**					171,731
R2700	**Total amount of surrenders**		107,853	70,347		178,200

S.12.01.02 - Life and health SLT technical provisions €'000

		Index-linked and unit-linked insurance				Other life insurance			
		Insurance with profit participation C0020	C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070	Contracts with options or guarantees C0080	(Life other than health insurance, incl Unit-linked) C0150
R0010	**Technical provisions calculated as a whole**	7,162,353	2,819,123						9,981,475
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	520,998							520,998
	Technical provisions calculated as a sum of BE and RM								
	Best estimate								
R0030	**Gross Best Estimate**	-865,454			-317,392			285,665	-897,181
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-473,934			-143,137			13,732	-603,339
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	-391,520		0	-174,255		0	271,933	-293,843
R0100	**Risk margin**	108,808	62,157			7,744			178,708
	Amount of the transitional on Technical Provisions								
R0200	**Technical provisions - total**	6,405,706	2,563,887			293,409			9,263,002

S.12.01.02 - Life and health SLT technical provisions €'000

		Health insurance (direct business)			
			Contracts without options and guarantees	Contracts with options or guarantees	Total (Health similar to life insurance)
		C0160	C0170	C0180	C0210
R0010	**Technical provisions calculated as a whole**				0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole				0
	Technical provisions calculated as a sum of BE and RM				
	Best estimate				
R0030	**Gross Best Estimate**			-615,932	-615,932
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default			-205,668	-205,668
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re			-410,264	-410,264
R0100	**Risk margin**	112,070			112,070
	Amount of the transitional on Technical Provisions				
R0200	**Technical provisions - total**	**-503,862**			**-503,862**

S.23.01.01 - Own funds €'000

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total C0010	Tier 1 unrestricted C0020	Tier 1 restricted C0030	Tier 2 C0040	Tier 3 C0050
R0010	Ordinary share capital (gross of own shares)	6,983	6,983		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	777,565	777,565			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	**784,548**	**784,548**	**0**	**0**	**0**

S.23.01.01 - Own funds €'000

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total C0010	Tier 1 unrestricted C0020	Tier 1 restricted C0030	Tier 2 C0040	Tier 3 C0050
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0

S.23.01.01 - Own funds €'000

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	784,548	784,548	0	0	0
R0510	Total available own funds to meet the MCR	784,548	784,548	0	0	0
R0540	Total eligible own funds to meet the SCR	784,548	784,548	0	0	0
R0550	Total eligible own funds to meet the MCR	784,548	784,548	0	0	0
R0580	**SCR**	**469,433**				
R0600	**MCR**	**211,245**				
R0620	**Ratio of Eligible own funds to SCR**	**167.13 %**				
R0640	**Ratio of Eligible own funds to MCR**	**371.39 %**				
	Reconciliation reserve	**C0060**				
R0700	Excess of assets over liabilities	784,548				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	6,983				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	0				
R0760	**Reconciliation reserve**	**777,565**				
	Expected Profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business	841,045				
R0780	Expected profits included in future premiums (EPIFP) - Non- life business					
R0790	**Total Expected profits included in future premiums (EPIFP)**	**841,045**				

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula €'000

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0120
R0010	Market risk	118,588		
R0020	Counterparty default risk	42,541		
R0030	Life underwriting risk	349,125	0	
R0040	Health underwriting risk	239,651	0	
R0050	Non-life underwriting risk	0	0	
R0060	Diversification	-214,196		
R0070	Intangible asset risk	0		
R0100	Basic Solvency Capital Requirement	535,710		
	Calculation of Solvency Capital Requirement	**C0100**		
R0130	Operational risk	37,696		
R0140	Loss-absorbing capacity of technical provisions	-829		
R0150	Loss-absorbing capacity of deferred taxes	-103,143		
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
R0200	Solvency Capital Requirement excluding capital add-on	469,433		
R0210	Capital add-ons already set	0		
R0211	of which, capital add-ons already set - Article 37 (1) Type a			
R0212	of which, capital add-ons already set - Article 37 (1) Type b			
R0213	of which, capital add-ons already set - Article 37 (1) Type c			
R0214	of which, capital add-ons already set - Article 37 (1) Type d			
R0220	Solvency capital requirement	469,433		
	Other information on SCR			
R0400	Capital requirement for duration-based equity risk sub-module	0		
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula €'000

		capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0		
	Approach to tax rate	C0109		
R0590	Approach based on average tax rate	No		
	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**		
		C0130		
R0640	**LAC DT**	-103,143		
R0650	LAC DT justified by reversion of deferred tax liabilities	-103,143		
R0660	LAC DT justified by reference to probable future taxable economic profit	0		
R0670	LAC DT justified by carry back, current year	0		
R0680	LAC DT justified by carry back, future years	0		
R0690	Maximum LAC DT	0		

S.28.01.01 - Minimum Capital Requirement - only life or only non-life insurance or reinsurance activity

€'000

	Linear formula component for non-life insurance and reinsurance obligations		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0020	C0030
R0010	MCR_{NL} Result	0		
R0020	Medical expense insurance and proportional reinsurance			
R0030	Income protection insurance and proportional reinsurance			
R0040	Workers' compensation insurance and proportional reinsurance			
R0050	Motor vehicle liability insurance and proportional reinsurance			
R0060	Other motor insurance and proportional reinsurance			
R0070	Marine, aviation and transport insurance and proportional reinsurance			
R0080	Fire and other damage to property insurance and proportional reinsurance			
R0090	General liability insurance and proportional reinsurance			
R0100	Credit and suretyship insurance and proportional reinsurance			
R0110	Legal expenses insurance and proportional reinsurance			
R0120	Assistance and proportional reinsurance			
R0130	Miscellaneous financial loss insurance and proportional reinsurance			
R0140	Non-proportional health reinsurance			
R0150	Non-proportional casualty reinsurance			
R0160	Non-proportional marine, aviation and transport reinsurance			
R0170	Non-proportional property reinsurance			

S.28.01.01 - Minimum Capital Requirement - only life or only non-life insurance or reinsurance activity €'000

			Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
	Linear formula component for life insurance and reinsurance obligations	**C0040**	**C0050**	**C0060**
R0200	MCRL Result	257,245		
R0210	Obligations with profit participation - guaranteed benefits		6,247,179	
R0220	Obligations with profit participation - future discretionary benefits		2,656	
R0230	Index-linked and unit-linked insurance obligations		2,644,867	
R0240	Other life (re)insurance and health (re)insurance obligations		0	
R0250	Total capital at risk for all life (re)insurance obligations			11,033,646
	Overall MCR calculation	C0070		
R0300	Linear MCR	257,245		
R0310	SCR	469,433		
R0320	MCR cap	211,245		
R0330	MCR floor	117,358		
R0340	Combined MCR	211,245		
R0350	Absolute floor of the MCR	4,000		
R0400	**Minimum Capital Requirement**	**211,245**		



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