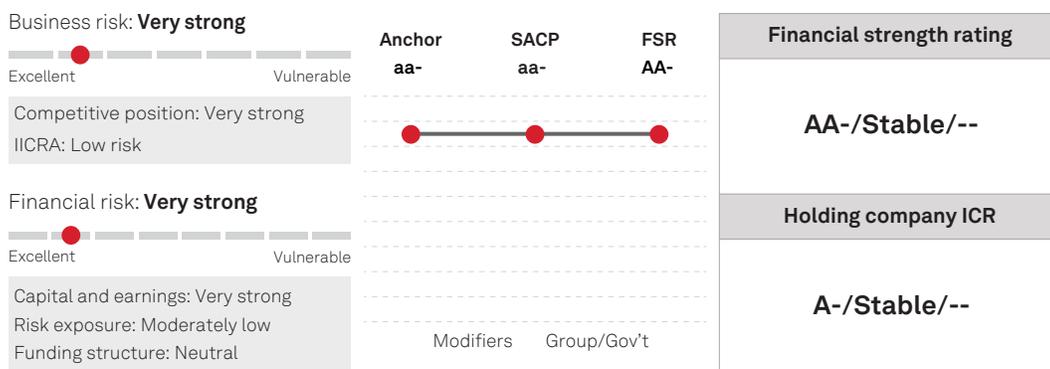


Pacific LifeCorp

March 16, 2026

This report does not constitute a rating action.



FSR--Financial strength rating. ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Top 10 market positions across several life, annuity, and institutional products	Below-peer operating performance, as measured by return on assets
Geographic diversity with a growing global presence	Meaningful investments in 'BBB' rated corporate bonds and large commercial real estate loans
Very strong capital and earnings	Uncertain macroeconomic conditions

Pacific Life Group's operating performance, per our calculations of return on assets (ROA), continues to lag similarly rated peers'. The group's -0.7% statutory ROA in 2024 was its fourth negative return in the preceding five years (2020-2024), and its five-year average of -0.25% was below the similarly rated peer group average of 0.09%. We think hedging impacts and softness in the real estate market could continue to weigh on the group's statutory earnings in the next few years.

While positive on a generally accepted accounting principles (GAAP) basis, Pacific Life's five-year average ROA of 0.63% is below the similarly rated peer group average of 0.8%. We may view

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Pacific Life's competitiveness as weaker over the long term if we think the group will be unable to perform in line with peers.

Excellent capital adequacy anchors Pacific Life's financial strength. Pacific Life has maintained its sizable capital redundancy at the 99.99% confidence level, per S&P Global Ratings' risk-based capital (RBC) model, over the past few years. However, management remains committed to maintaining redundancy at the 99.95% confidence level, earmarking the excess capital for both organic and opportunistic inorganic growth. As such, we project its financial risk profile will remain very strong.

Reinsurance capital solutions will lead to global expansion. Pacific Life is a top player in the highly competitive UK longevity market. It is looking to further diversify geographically--most recently in Japan and the Netherlands, among other locations. The group recently restructured into three global lines of business by launching a new capital solutions reinsurance segment. We expect this business will allow the group to operate globally with small teams that can tailor financial reinsurance solutions to clients' specific needs.

Outlook

The stable outlook reflects our view that Pacific Life will maintain its very strong business risk and capital redundancy at least at the 99.95% confidence level, per our RBC model, over the next two years. We also expect it will maintain a consolidated financial leverage ratio below 25% and a fixed-charge coverage ratio above 6x over the same period.

Downside scenario

We could lower the ratings over the next 12-24 months if the group's:

- Competitive position deteriorates because of a weakening market position;
- Operating performance is consistently below its peers; or
- Earnings become significantly less diversified.

Upside scenario

Although unlikely, we could raise our ratings in the next 24 months if we think the group's capital adequacy will remain redundant at the 99.99% confidence level, per our RBC model, over the long term and if profitability improves in line with similarly rated peers'.

Assumptions

- Real GDP growth of 2.0% in 2026 and 1.9% 2027
- Core consumer price index growth of 2.9% in 2026 and 2.4% in 2027
- Consumer spending growth of 2.0% in 2026 and 1.8% in 2027
- Unemployment rate of 4.5% in 2026 and 4.3% in 2027
- 10-year Treasury note yield of 3.8% in 2026 and 3.7% in 2027

Source: "[Economic Outlook U.S. Q1 2026: Steady As She Goes But On A Narrow Path.](#)" Nov. 24, 2025.

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S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war, and its potential effect on commodity prices, supply chains, economies and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.

Pacific LifeCorp--Key metrics

	2027f	2026f	2025	2024	2023
S&P Global Ratings capital adequacy (%)	99.95	99.95	99.99f	99.99	99.99
Net income (GAAP) (mil. \$)	800-1,000	800-1,000	933	1,493	915
EBITDA fixed-charge coverage (GAAP) (x)	>6	>6	13.1	17.3	9.6
Financial leverage (GAAP) (%)	<25	<25	21	18	19
Net investment yield (statutory) (%)	3.0-4.0	3.0-4.0	3.4	3.2	3.3

f--S&P Global Ratings forecast.

Business Risk Profile

Pacific Life has a well-recognized brand, solid market share, and diversified product offerings. The group primarily caters to the affluent market via independent producers and planners, financial advisors, and financial institutions (regional banks and wirehouses). The company is consistently a top 10 seller of individual life insurance in the U.S. and remains the leading player in indexed universal life.

Fixed, indexed, and variable annuities; pension risk transfers; workforce benefits; and institutional offerings round out the group's market presence. Internationally, the company is expanding its presence in the longevity risk market through Pacific Life Re International Ltd. and is one of the top players in this market.

The group's recent statutory operating performance has been consistently negative and significantly below its peers', with a five-year (2020-2024) average statutory ROA of -0.25%, compared with the peer group average of 0.09%. We think hedging impacts and softness in the real estate market could continue to weigh on the group's statutory earnings in the next few years. However, Pacific Life's GAAP ROA was 0.96% for full-year 2024, and we expect it will remain consistently positive through the next two years.

Financial Risk Profile

Pacific Life has lower-than-peer leverage and higher-than-peer coverage and a multibillion-dollar excess capital position, relative to management's committed level. We expect the group will maintain very strong capital and earnings through year-end 2027--its statutory RBC ratio was 497% as of Sept. 30, 2025. The group's robust, sophisticated enterprise risk management

department deploys both GAAP and statutory hedging strategies to keep risks within predefined tolerances and limits.

As of year-end 2024, Pacific Life's financial leverage ratio (excluding nonrecourse debt and operating leverage) was about 18%, consisting of roughly \$2.5 billion senior notes and \$1 billion surplus notes outstanding. Fixed-charge coverage was approximately 13.5x.

In our view, Pacific Life has a well-diversified investment portfolio and no material risks not already captured in our capital and earnings analysis. While most of the investment portfolio consists of fixed maturities (65%), the group is exposed to commercial mortgage loans--about 15% of total invested assets. It also has sizable exposure to 'BBB' rated securities--about 47% of the total bond portfolio as of year-end 2024.

Other Credit Considerations

Governance

In our view, Pacific Life has a diverse, seasoned, largely independent, risk-aware board of directors. Nine of the 10 members are independent. The enterprise risk management team meets with the board several times each year and shares current risk exposure levels versus predefined tolerances.

Liquidity

We view Pacific Life's liquidity as exceptional, reflecting a liquidity ratio above 220% as of year-end 2024, per our calculations. Moreover, it has no material confidence-sensitive liabilities, ratings triggers, or collateral posting risk. The group has borrowing capacity under its commercial paper, lines of credit, and Federal Home Loan Bank holdings that it can access for liquidity during times of stress.

Factors specific to the holding company

Our issuer credit rating on Pacific LifeCorp, the group's holding company, is three notches lower than our financial strength ratings on the group's insurance operating companies because of the structural subordination of the holding company obligations.

Pacific LifeCorp relies on subsidiary interest payments on internal surplus notes, as well as its own cash and short-term investments, to meet its fixed charges. It held \$703 million in cash and short-term investments as of year-end 2024. Primary subsidiary Pacific Life Insurance Co. typically has ordinary dividend capacity of over \$650 million.

Accounting considerations

Pacific LifeCorp is part of a mutual holding company structure and prepares its financial statements under GAAP and statutory accounting principles. In our analysis, we consider GAAP and statutory statements when examining capital, earnings, and other financial metrics compared with peers'.

In deriving our year-end 2024 pro forma capital model outcome, we made the following adjustments:

- Added \$562 million in holding company cash to total available capital (TAC);

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- Subtracted the approximately \$2.4 billion in fixed payments and fees charged on the group's longevity swaps from the longevity charges we apply to the floating payments it makes on those swaps; and
- Removed \$984 million from TAC, reflecting redundant reserves, net of permitted practices, in the group's captive reinsurer, Pacific Baleine Reinsurance Co.

Rating Component Scores

Business Risk Profile	Very Strong
Competitive position	Very strong
IICRA	Low risk
Financial Risk Profile	Very Strong
Capital and earnings	Very strong
Risk exposure	Moderately low
Funding structure	Neutral
Anchor	aa-
Modifiers	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	AA-/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	AA-/Stable/A-1+
Foreign currency issuer credit rating	--

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13 2025
- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10 2021
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1 2019
- [General Criteria: Group Rating Methodology](#), July 1 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16 2011

Appendix

Ratio/Metric	2025	2024
S&P Global Ratings capital adequacy (%)	99.99f	99.99
Total invested assets	161,777	139,888
Net premiums earned	19,981	14,791

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EBIT	(390)	(1,458)
Net income (attributable to all shareholders)	1,579	212
Return on revenue (%)	(1.4)	(7.3)
Return on assets (excluding investment gains/losses) (%)	(0.2)	(0.7)
EBITDA fixed-charge coverage (GAAP) (x)	13.1	17.3
Financial obligations / EBITDA adjusted (GAAP) (x)	2.0	1.2
Financial leverage including pension deficit as debt (GAAP) (%)	21	18
Net investment yield (%)	3.4	3.2

Note: All metrics measured using statutory accounting principles unless otherwise noted.

f—S&P Global Ratings forecast

Ratings Detail (as of March 16, 2026)*

Operating Companies Covered By This Report

Pacific Life Insurance Co.

Financial Strength Rating

Local Currency AA-/Stable/--

Issuer Credit Rating

Local Currency AA-/Stable/A-1+

Financial Enhancement Rating

Local Currency AA-/--/--

Commercial Paper

Local Currency A-1+

Subordinated

A

Pacific Life & Annuity Co.

Financial Strength Rating

Local Currency AA-/Stable/--

Issuer Credit Rating

Local Currency AA-/Stable/--

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Issuer Credit Rating

Local Currency A-/Stable/--

Senior Unsecured

A-

Pacific Life Global Funding II

Senior Secured

AA-

Pacific Life Re (Australia) Pty Ltd.

Financial Strength Rating

Local Currency AA-/Stable/--

Pacific Life Re International Ltd.

Financial Strength Rating

Local Currency AA-/Stable/--

Pacific Life Short Term Funding LLC

Commercial Paper

Local Currency A-1+

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Ratings Detail (as of March 16, 2026)*

Domicile	Nebraska
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*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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