MANAGEMENT'S DISCUSSION AND ANALYSIS

2024

For the year ended December 31, 2024

GREAT-WEST LIFECO INC.

E1138(1123)-02/25

For the period ended December 31, 2024

Dated: February 5, 2025

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This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition, financial performance and cash flows of Great-West Lifeco Inc. (Lifeco or the Company) for the three and twelve months ended December 31, 2024 and includes a comparison to the corresponding periods in 2023, to the three months ended September 30, 2024, and to the Company's financial condition as at December 31, 2023, as applicable. This MD&A provides an overall discussion, followed by analysis of the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe, and Capital and Risk Solutions.

Businesses of Lifeco

Lifeco has operations in Canada, the U.S. and Europe through The Canada Life Assurance Company (Canada Life), Empower Annuity Insurance Company of America (Empower, formerly known as Great-West Life & Annuity Insurance Company), and Irish Life Group Limited (Irish Life). On January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments (Putnam) to Franklin Resources, Inc., operating as "Franklin Templeton". As a result of the transaction, Putnam is presented as discontinued operations throughout this document.

In Canada, Canada Life offers a broad portfolio of financial and benefit plan solutions for individuals, families, businesses and organizations through three primary business units: Workplace Solutions, Individual Wealth Management and Insurance & Annuities. Through Workplace Solutions, the Company provides life, accidental death and dismemberment, critical illness, disability, health and dental protection, creditor insurance as well as retirement savings and income and annuity products and other specialty products to group clients in Canada. These products are distributed through an extensive network of group sales offices located across the country through brokers, consultants and financial security advisors. Through Individual Wealth Management, the Company provides wealth savings and income products and services to individual customers. Through Insurance & Annuities, the Company provides individual life, disability and critical illness insurance products and services, as well as individual life annuities to individual customers. These individual insurance and wealth products are distributed through multiple channels: Advisor Solutions; a distribution channel for advisors with a direct contract with Canada Life, managing general agencies (MGAs), national accounts, Investment Planning Counsel (IPC), and Value Partners Group (Value Partners).

In the U.S., Empower Annuity Insurance Company of America (Empower) is a leading provider of employer-sponsored retirement savings plans in the public/non-profit and corporate sectors. Empower consists of: Empower Defined Contribution, which aligns with the Workplace Solutions business value driver, offering saving, investment and advisory services through employer-sponsored plans; and Empower Personal Wealth, which operates under the Wealth & Asset Management value driver, offering individual product solutions and providing retail wealth management products and services to individuals, including individual retirement accounts and after-tax investment accounts. Empower's products and services are marketed nationwide through its sales force, brokers, consultants, advisors, third-party administrators and financial institutions.

The Europe segment is comprised of three distinct business units: Workplace Solutions, Individual Wealth & Asset Management and Insurance & Annuities, and serves customers in the United Kingdom (U.K.), Ireland and Germany, offering individual and group protection and wealth management products, including payout annuity products, equity release mortgages, pensions and investments products. The Company operates under the Canada Life brand in the U.K. and Germany and under the Irish Life brand in Ireland along with other acquired brands within the broker market in Ireland.

The Capital and Risk Solutions segment includes the Reinsurance business unit under the Insurance & Risk Solutions value driver, which operates primarily in the U.S., Barbados, Bermuda and Ireland. Reinsurance products are provided through Canada Life and its subsidiaries and include both reinsurance and retrocession business transacted directly with clients or through reinsurance brokers. As a retrocessionaire, the Company provides reinsurance to other reinsurers to enable those companies to manage their insurance risk.

Lifeco currently has no other material holdings and carries on no business or activities unrelated to its holdings in Canada Life, Empower, Irish Life and their subsidiaries. However, Lifeco is not restricted to investing in those companies and may make other investments in the future.

Basis of Presentation and Summary of Material Accounting Policies

The consolidated financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2024.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "will", "may", "expects", "anticipates", "intends", "plans", "believes", "estimates", "objective", "target", "potential" and other similar expressions or negative versions thereof. Forward-looking information includes, without limitation, statements about the Company and its operations, business (including business mix), financial condition, expected financial performance (including revenues, earnings or growth rates, medium-term financial objectives and base earnings objectives for the Empower business), strategies and prospects, expected costs and benefits of acquisitions and divestitures (including timing of integration activities and timing and extent of revenue and expense synergies), expected expenditures or investments (including but not limited to investment in technology infrastructure and digital capabilities and solutions and investments in strategic partnerships), value creation and realization and growth opportunities, product and service innovation, expected dividend levels, expected cost reductions and savings, expected capital management activities and use of capital, the timing and extent of possible share repurchases, market position, estimates of risk sensitivities affecting capital adequacy ratios, anticipated global economic conditions, potential impacts of catastrophe events, potential impacts of geopolitical events and conflicts and the impact of regulatory developments on the Company's business strategy, growth objectives and capital.

Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance, mutual fund and retirement solutions industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. In particular, in setting its objective to achieve double-digit base earnings growth in the Empower business in 2025, management has assumed that the performance of equity, interest rate and credit markets during the relevant period is consistent with management's expectations, which take into account current market information and assume no credit impairments, and further that actual sales, client retention and conversion rates, customer behaviour (including contributions, redemptions, withdrawals and lapse rates), expense levels, and mix of business at Empower are consistent with management's estimates. In arriving at our assessment of the Company's potential exposure to Global Minimum Tax and our expectation regarding the impact on our effective income tax rate and base earnings, management has relied on its interpretation of the relevant legislation. It has also assumed a starting point of its current mix of business and base earnings growth consistent with management's base earnings objectives disclosed in this MD&A. With respect to possible share repurchases, the amount and timing of actual repurchases will depend on the earnings, cash requirements and financial condition of the Company, market conditions, our ability to effect the repurchases on a prudent basis, capital requirements, applicable law and regulations (including applicable securities laws), and other factors deemed relevant by the Company, and may be subject to regulatory approval or conditions. In all cases, whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the ability to integrate and leverage acquisitions and achieve anticipated benefits and synergies, the achievement of expense synergies and client retention targets from the acquisition of the Prudential retirement business, the Company's ability to execute strategic plans and adapt or recalibrate these plans as needed, the Company's reputation, business competition, assumptions around sales, pricing, fee rates, customer behaviour (including contributions, redemptions, withdrawals and lapse rates), mortality and morbidity experience, expense levels, reinsurance arrangements, global equity and capital markets (including continued access to equity and debt markets and credit instruments on economically feasible terms), geopolitical tensions and related economic impacts, interest and foreign exchange rates, inflation levels, liquidity requirements, investment values and asset breakdowns, hedging activities, financial condition of industry sectors and individual issuers that comprise part of the Company's investment portfolio, credit ratings, taxes, impairments of goodwill and other intangible assets, technological changes, breaches or failure of information systems and security (including cyber attacks), assumptions around third-party suppliers, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, changes in actuarial standards, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third-party service providers, unplanned changes to the Company's facilities, customer and employee relations, levels of administrative and operational efficiencies, and other general economic, political and market factors in North America and internationally.

The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the "Risk Management" and "Summary of Critical Accounting Estimates" sections of this document and in the Company's annual information form dated February 5, 2025 under "Risk Factors", which, along with other filings, is available for review at www.sedarplus.com. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information.

Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information whether as a result of new information, future events or otherwise.

Important Note Regarding Sustainability Disclosure

Certain forward-looking statements in the Company's filings relate to the Company's climate-related and diversity-related measures, ambitions, goals, objectives, priorities, strategies and commitments or actions that will be taken to achieve them. The climate-related statements include statements with respect to the Company's ambition to achieve net-zero GHG emissions for its operating and financing activities by 2050, the Company's initial interim net zero goals for operations and investments, the Company's plan to review and revise initial interim net zero goals as appropriate, the causes and potential impacts of climate change globally, and the Company's approach to identifying and managing climate-related risks and opportunities. The diversity-related statements include statements with respect to growing representation of women and underrepresented groups in management. The forward-looking information in the Company's filings is presented for the purpose of assisting our stakeholders in understanding how we currently intend to address climate-related and diversity-related governance, strategy, risks, opportunities, and objectives, and is not appropriate for other purposes.

Any goals, objectives, ambitions, commitments or targets discussed in the Company's filings, including but not limited to the Company's net-zero related goals (including interim net zero goals) and diversity-related measures, are aspirational. They may need to change or be recalibrated as data improve and as climate science, regulatory requirements and market practices regarding standards, methodologies, metrics and measurements evolve. Our climate risk analysis and net-zero strategy remain under development, and the data underlying our analysis and strategy remain subject to evolution over time and the scope of assets to be included in our 2050 net zero related goals, remains under review. The Company does not currently have a comprehensive transition plan in place to achieve its net zero-related goals and ambitions and the timing for developing such a plan and its scope and achievability remain uncertain. Moreover, the data needed to define the Company's plan to achieve those goals and ambitions is limited in quality and availability and is inconsistent across the sectors the Company chooses to focus on. We are also continuing to develop our diversity-related data. There is a strong possibility that our expectations, forecasts, estimates, predictions and conclusions may not prove to be accurate and our assumptions may prove to be incorrect, and there is a material risk we will not achieve our climate-related and diversity-related goals, objectives, ambitions, strategies and commitments. In addition, many of the assumptions, standards, metrics and measurements used in preparing these forward-looking statements are not audited or independently verified, have limited comparability and continue to evolve.

Any goals, objectives, priorities, ambitions, commitments or targets discussed in the Company's filings, may also need to change or be recalibrated to meet our other strategic objectives and the reasonable expectations of our stakeholders, including expectations around financial performance. As a financial services company, our primary purpose is to provide our clients and customers with solutions to meet their financial security needs and to deliver on the promises we make to them. Our ability to fulfil this corporate purpose depends in large part on effective and responsible capital allocation and the ability to create value within the boundaries of our stakeholders' expectations, including expectations around financial performance. The path to achieving net zero and our climate-related goals will require significant investment, resources, systems and technologies by third parties we do not control. Faced with a wide range of stakeholder interests, we will need to effectively manage trade-offs and make choices about how to deploy financial and human capital. These choices could include prioritizing other strategic objectives over our climate-related ambitions and goals in pursuit of fulfilling our primary purpose, delivering value to our stakeholders and meeting expectations around financial performance. As our business, our industry and climate science evolve over time, we may need to adjust our climate-related goals and our approach to meeting them. We will also need to remain thoughtful about the regulatory and business environment of the jurisdictions in which we operate, as our ability to achieve our climate goals is contingent on the success of our partners and communities.

We caution readers that numerous factors (many of which are beyond the control of the Company) may cause actual results to differ materially and impact the Company's ability to achieve its climate-related and diversity-related goals, objectives, priorities, ambitions, strategies and targets. These factors include, without limitation, the transition to a low-carbon economy, the need for more and better climate data and standardization of climate-related measurement methodologies, our ability to gather and verify data, our ability to develop indicators to effectively monitor our advancements and assess and manage climate-related risks, the need for active and continued action by stakeholders (including governmental and non-governmental organizations, our counterparties and other businesses and individuals), trade-offs and choices we make that prioritize other strategic objectives and financial performance over our climate-related goals the ability of clients, regulators and suppliers to meet and report on their publicly stated emissions and commitments, the viability of third-party decarbonization scenarios, the availability of carbon offset and renewable energy instruments on economically feasible terms, compliance with our policies and procedures, our ability to recruit and retain key personnel in a competitive environment for talent, technological advancements, the evolution of consumer behaviour, varying decarbonization efforts across economies, the challenges of balancing emission reduction goals with an orderly, just and inclusive transition and geopolitical factors that impact global energy needs, the legal and regulatory environment, and regulatory compliance considerations. In relation to our climate-related ambitions, goals, objectives, priorities, strategies and targets, there are limitations and uncertainties inherent in climate science, climate risk analysis and reporting. The Company has made good faith approximations and assumptions in establishing its interim Scope 1 and 2 reduction goals and initial reduction goals for Scope 3 financed emissions. However, there are many factors that are the subject of ongoing climate science and that we cannot foresee or accurately predict which will impact our ability to achieve those goals.

Cautionary Note Regarding Non-GAAP Financial Measures and Ratios

This MD&A contains some non-Generally Accepted Accounting Principles (GAAP) financial measures and non-GAAP ratios as defined in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure". Terms by which non-GAAP financial measures are identified include, but are not limited to, "base earnings (loss)", "base earnings (loss) (US$)", "base earnings: insurance service result", "base earnings: net investment result", "assets under management" and "assets under administration". Terms by which non-GAAP ratios are identified include, but are not limited to, "base earnings per common share (EPS)", "base return on equity (ROE)", "base dividend payout ratio" and "effective income tax rate – base earnings – common shareholders". Non-GAAP financial measures and ratios are used to provide management and investors with additional measures of performance to help assess results where no comparable GAAP (IFRS) measure exists. However, non-GAAP financial measures and ratios do not have standard meanings prescribed by GAAP (IFRS) and are not directly comparable to similar measures used by other companies. Refer to the "Non-GAAP Financial Measures and Ratios" section in this MD&A for the appropriate reconciliations of these non-GAAP financial measures to measures prescribed by GAAP as well as additional details on each measure and ratio.

Consolidated Operating Results

Selected consolidated financial information

(in Canadian $ millions, except per share amounts)	As at or for the three months ended Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	For the twelve months ended Dec. 31 2024	Dec. 31 2023
Base earnings[1]	$ 1,115	$ 1,061	$ 971	$ 4,192	$ 3,667
Net earnings from continuing operations[2]	1,116	859	743	4,011	2,862
Net earnings - common shareholders	1,116	859	740	3,940	2,738
Per common share					
Basic:					
Base earnings[3]	1.20	1.14	1.04	4.50	3.94
Net earnings from continuing operations	1.20	0.92	0.80	4.30	3.07
Net earnings	1.20	0.92	0.79	4.23	2.94
Dividends paid	0.555	0.555	0.520	2.220	2.080
Base dividend payout ratio[3]	46.3 %	48.7 %	50.0 %	49.3 %	52.8 %
Dividend payout ratio[2]	46.3 %	60.3 %	65.6 %	52.5 %	70.7 %
Book value per common share[2]	27.17	25.78	24.26		
Base return on equity[3]	17.5 %	17.3 %	16.6 %		
Return on equity - continuing operations[2,4]	16.7 %	15.6 %	12.9 %		
Financial leverage ratio[5]	29 %	29 %	30 %		
Total assets per financial statements	$ 802,163	$ 779,741	$ 713,230		
Total assets under management[1]	1,039,405	1,004,183	1,095,374		
Total assets under administration[1]	3,266,298	3,110,284	2,852,540		
Total contractual service margin (net of reinsurance contracts held)	$ 13,368	$ 13,517	$ 12,635		
Total equity	$ 32,654	$ 31,311	$ 29,851		
Canada Life Assurance Company consolidated LICAT Ratio[6]	130 %	134%	128%		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

4 Comparative result for the period ended December 31, 2023 has been restated to exclude amounts related to discontinued operations which were included in error in the Q4 2023 MD&A.

5 The calculation for financial leverage ratio includes the after-tax non-participating contractual service margin (CSM) balance in the denominator, excluding CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT. These ratios are estimates based on available data.

6 The Life Insurance Capital Adequacy Test (LICAT) Ratio is based on the consolidated results of The Canada Life Assurance Company, Lifeco's major Canadian operating subsidiary. The LICAT Ratio is calculated in accordance with the Office of Superintendent of Financial Institutions' guideline - Life Insurance Capital Adequacy Test. Refer to the "Capital Management and Adequacy" section of this document for additional details.

Lifeco 2024 Highlights

Financial Performance

- For the twelve months ended December 31, 2024, base earnings of $4,192 million ($4.50 per common share) compared to $3,667 million ($3.94 per common share) a year ago, an increase of 14%, reflecting strong business growth in all segments and positive impacts of favourable markets in 2024.
- For the twelve months ended December 31, 2024, net earnings from continuing operations of $4,011 million ($4.30 per common share) compared to $2,862 million ($3.07 per common share) a year ago, an increase of 40%, primarily due to the increase in base earnings as well as improved market experience relative to expectations.
- For the twelve months ended December 31, 2024, Lifeco's combined quarterly dividends paid to common shareholders increased by 7% to $2.22 per share.
- The Company maintained its strong capital position as evidenced by a Life Insurance Capital Adequacy Test (LICAT) Ratio at December 31, 2024 of 130% for Canada Life, Lifeco's major operating subsidiary, which exceeded the OSFI Supervisory Target Total Ratio of 100%, and Supervisory Minimum Total Ratio of 90%.
- The Company's financial leverage ratio at December 31, 2024 was 29% compared to 30% at the end of 2023. This reduction is primarily due to growth in equity and non-participating CSM, excluding segregated funds, as well as repayment of short-term debt. These items were partially offset by the impact of currency movement.

Medium-Term Financial Objectives

The Company measures performance against its medium-term financial objectives, with medium-term defined as 3 to 5 years. The Company aims to create value through disciplined capital deployment to achieve, over the medium-term, 8-10% base EPS growth per annum, 16-17% base return on equity (ROE) and to deliver strong cash generation.

The Company has also stated its objective to achieve double-digit base earnings growth in Empower in 2025.

Medium-Term Financial Objectives	1-Year Base[1]	3-Year Base[1,2]	5-Year Base[1,2]
8-10% base EPS growth per annum[1]	14%	8% CAGR	9% CAGR
16-17% base ROE (IFRS 17)[1,3]	18%	17% average	17% average[3]
Target dividend payout ratio 45-55% of base earnings[1]	49%	52% average	54% average

[1] This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

[2] 2019, 2020 and 2021 base earnings were calculated by excluding items from net earnings as discussed in the "Non-GAAP Financial Measures and Ratios" section of the Company's Q4 2024 MD&A. 2019 base earnings as reported were $2,704 million and base earnings per share was $2.86 compared to net earnings of $2,359 million and net earnings per share of $2.49. 2020 base earnings as reported were $2,669 million and base earnings per share was $2.88 compared to net earnings of $2,943 million and net earnings per share of $3.17. 2021 base earnings as reported were $3,260 million and base earnings per share was $3.51 compared to net earnings of $3,128 million and net earnings per share of $3.37. For purposes of calculating the 5-year growth rate for base EPS under the current definition of base earnings to provide a more accurate comparison for the 3 and 5-year growth rates, amortization of acquisition related finite life intangible assets of $41 million, $41 million and $137 million after-tax was added back to 2019, 2020, 2021 base earnings. In addition, the Company excluded earnings related to Putnam Investments, which was sold to Franklin Templeton on January 1, 2024, of $101 million, $23 million and $26 million from 2019, 2020 and 2021 base earnings. With these adjustments, 2019 base earnings were $2,719 million and base EPS of $2.87; 2020 base earnings were $2,687 million and base EPS of $2.90; and 2021 base earnings were $3,296 million and base EPS of $3.55.

[3] This is the 3-year average base ROE under IFRS 17. The 2-year average base ROE under IFRS 4 is 14%. The prior base ROE medium-term objective was 14% - 15% under IFRS 4.

2024 Developments

Financial Highlights

- Total assets under administration exceeded $3.2 trillion with growth across each of Lifeco's operating segments of 29% in Capital and Risk Solutions, 17% in Europe, 12% in Canada and 14% (6% in U.S. dollars) in the U.S. from December 31, 2023.
- The Organization for Economic Co-Operation and Development (OECD) introduced a 15% Global Minimum Tax (GMT) regime that has been adopted for 2024 by all countries in which the Company has significant operations, other than the U.S. and Isle of Man. Legislation has been enacted by Canada, Barbados, Germany, Ireland, the U.K. and Switzerland with an effective date of January 1, 2024. In 2024, the Company recognized a Global Minimum Tax (GMT) current tax expense of $113 million on net earnings and $141 million on base earnings, primarily related to its operations in Barbados and Ireland, impacting the Europe and Capital and Risk Solutions segments.

Canada

- On October 1, 2024, Canada Life Investment Management Ltd. (CLIML) and Counsel Portfolio Services Inc. (Counsel), a subsidiary of IPC, amalgamated. Bringing these two investment fund management companies together into one centre of excellence is expected to allow Canada Life to unlock new growth opportunities, achieve economies of scale and improve operational effectiveness.

United States

- In the United States, on January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton", in exchange for Franklin Templeton common shares, cash, and contingent consideration of up to US$375 million over a five to seven-year period. In the first quarter of 2024, the Company recorded a net loss of $115 million reflecting closing costs as well as a $44 million final gain on sale within discontinued operations. Lifeco retains its controlling interest in PanAgora Asset Management, a leading quantitative asset manager. The Company currently holds approximately 31,600,000 Franklin Templeton shares and has agreed to hold a majority of these shares until at least January 1, 2029. The shares are held at fair value with changes in fair market value flowing through other comprehensive income (OCI).

  In addition to the sale, Lifeco, along with Power Corporation of Canada and Franklin Templeton, entered into a strategic relationship to distribute Franklin Templeton products for the benefit of clients, distribution partners, and shareholders.

- As of June 30, 2024, with the successful completion of system migrations of the full-service retirement services business of Prudential, Empower achieved US$180 million pre-tax run rate synergies following the acquisition on April 1, 2022, consistent with expectations. Revenue synergies of US$20 million were achieved on a run-rate basis by the end of 2024 and are expected to grow to US$50 million by the end of 2026.

  Overall, acquired Prudential retention targets have been exceeded with asset retention of 94% and revenue retention of 86%.

Europe

- On January 23, 2024, Canada Life U.K. announced the immediate closure of the Select Account, The Retirement Account, and the Canada Life Trustee Investment Plan to new business, representing less than 1% of its customer base. On December 23, 2024, Canada Life U.K. announced the signing of an agreement to transfer part of this business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Concurrently, the two parties entered into a reinsurance agreement such that the risks and rewards of the underlying business are transferred to Countrywide. The transfer is subject to customary closing conditions including regulatory approvals and is expected to complete by the end of 2025. This decision enables Canada Life U.K. to focus on core lines, including offshore wealth products.

Capital and Risk Solutions

- The Capital and Risk Solutions segment continued to grow by providing tailored solutions to customers while increasing diversification within the portfolio. In 2024, the Capital and Risk Solutions segment continued to expand its international presence in targeted new markets, while continuing to focus on core markets and product expansion in Europe and the U.S. During 2024, the Company had a strong new business year, completing a number of transactions with continued growth in the structured business. Of note, the Company's geographic expansion included two structured transactions in Australia and the asset intensive business grew with two transactions signed in the fourth quarter of 2024.

Outlook for 2025

Refer to Cautionary Note regarding Forward-looking Information and Cautionary Note regarding Non-GAAP Financial Measures and Ratios at the beginning of this document.

- Lifeco is continuing to focus on its core strategies: delivering financial security and wellness through the workplace, providing advice-centered wealth management, delivering strong investment and asset management and leveraging risk and capital management expertise. The Company intends to invest strategically, both organically and through acquisitions, to drive growth, productivity and operational resilience while maintaining strong risk and expense discipline, to deliver sustainable long-term value to its customers and shareholders.

- In Canada, the Company will continue to leverage the strength of the Canada Life brand to develop innovative products and services and broaden and deepen its distribution channels to better serve its customers. Specifically, the Workplace Solutions business plans to continue its focus and investment in the disability offering operations to support growth in the health market as well as to make significant operational and digital investments in the group retirement business to improve customer experiences. As the Company successfully onboarded the dental plan for retired Canadian public servants in November 2024, it expects its strong market share and distribution capacity will lead to continued growth in 2025. Growing the Freedom Experience has also been a key area of focus as the Company seeks to provide customized solutions to increasingly unique customer needs. In its Individual Wealth Management business, the Company will continue to leverage recently acquired capabilities to advance its growth strategies with an enhanced offering to advisors in all channels. This commitment to advice is expected to benefit strong customer retention and acquiring new business. The Insurance & Annuities business will continue to advance on business strategies of balancing growth through the offering of a comprehensive range of individual insurance products with disciplined pricing and risk selection. Operational expense management will continue to be critically important for the Canada segment to deliver strong financial results.

- In the U.S., the Company is positioned to capitalize on substantial growth opportunities across various plan types, company sizes and market segments. Through its defined contribution business, Empower has enhanced its expertise, expanded its capabilities and broadened its product portfolio. Empower continues to accelerate growth and is well-prepared to leverage the developments of expected transformative shifts in the financial services industry, including increased capital investment and the adoption of advanced technologies to capture market growth opportunities. Empower Personal Wealth will continue to serve its existing customers and drive growth through a hybrid approach that integrates the expertise of financial advisors with sophisticated digital platforms. Empower Personal Wealth will continue to develop and expand a broad range of product solutions that leverage the Empower Personal Dashboard and Empower Advisors to offer customized wealth solutions to an expanding customer base. In 2025, Empower anticipates realizing revenue synergies through the financial planning and equity compensation solution services offered through OptionTrax by Empower.
- In Europe, the Company is focusing on maintaining or growing its market positions while investing in customer service systems and automation. In Workplace Solutions, the U.K. group protection business is expected to enhance Canada Life’s competitive position as one of the largest insurers in the market through technology-driven efficiencies and the expanded access of the WeCare support service to all insured employees. Through the Irish Life brand, the Company will focus on developing a fully integrated corporate engagement strategy to maximize the effectiveness of strong corporate relationships, ensure the Company maintains its strong pension, risk and health propositions and continue the journey of integrating its wealth and employee benefits consulting businesses. In the Individual Wealth & Asset Management business, Irish Life will focus on the growth of its wealth brand, Unio Wealth Management, while maintaining its focus in the areas of sustainability and product innovation. Furthermore, Canada Life U.K. expects to maintain its position as the market leader in the single premium international investment bond marketplace. Canada Life in Germany will focus on growth and product diversification, efficiency through automation and enhancing the experience of the independent financial advisor and customer. In its Insurance & Annuities business, Canada Life U.K. and Irish Life will focus on maintaining its share of the retail payout annuities market while investing in customer service systems. Moreover, the Company will continue to further develop its offerings and capability in the bulk annuity market in 2025, extending the offering across a wider range of the market.
- In Capital and Risk Solutions, the Reinsurance business unit will continue to help its clients and other affiliated companies meet capital challenges through innovative reinsurance solutions. Demand for structured reinsurance remains strong and will remain a focus for 2025. Internationally, Canada Life continues to explore opportunities for measured expansion into new markets where the Company's innovative reinsurance solutions can be deployed to support clients' evolving needs.
- The global economy is expected to experience a period of transition in 2025. Inflation has been brought broadly in line with domestic targets in Canada and broader Europe as central banks continue to ease monetary restraints. In the U.S., disinflation efforts have stalled, with the Federal Reserve indicating a pause on previously expected interest rate reductions. Economic growth in the U.S., and to a lesser extent, Canada and the euro zone, is expected to remain strong in 2025 with excess demand and enhanced productivity. Uncertainty remains with the impacts of potential policy changes, such as tariffs, made by the new U.S. administration that could dampen growth for impacted countries. Global equity markets were strong throughout 2024, with outperformance in the U.S., and the outlook for 2025 is generally positive with healthy fundamentals and strong forecasted earnings growth. The U.S. dollar is expected to remain strong relative to a broad range of currencies, including the Canadian dollar, primarily due to a higher U.S. policy rate and potential trade policy changes. While there is a high degree of uncertainty in the broader macroeconomic outlook, the Company’s well diversified business portfolio and prudent approach to risk management positions it well to execute on its core strategies in 2025. See the "Risk Management" section of this document for additional details.

Base and Net Earnings

Consolidated base earnings and net earnings of Lifeco include the base earnings and net earnings of Canada Life (and its operating subsidiaries), Empower and PanAgora Asset Management, together with Lifeco's Corporate operating results. Net earnings also include the earnings from Putnam Investments reported as discontinued operations.

For a further description of base earnings, refer to the "Non-GAAP Financial Measures and Ratios" section of this document.

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]					
Canada	$ 321	$ 317	$ 301	$ 1,262	$ 1,158
United States	367	359	261	1,336	1,006
Europe	231	195	213	829	777
Capital and Risk Solutions	223	210	236	818	794
Lifeco Corporate	(27)	(20)	(40)	(53)	(68)
Lifeco base earnings[1]	$ 1,115	$ 1,061	$ 971	$ 4,192	$ 3,667
Items excluded from base earnings					
Market experience relative to expectations[2]	$ 38	$ 41	$ (213)	$ 214	$ (307)
Realized OCI gains / (losses) from asset rebalancing	—	—	—	—	(121)
Assumption changes and management actions[2]	16	(203)	83	(149)	(20)
Other non-market related impacts[3]	(53)	(40)	(98)	(246)	(357)
Items excluded from Lifeco base earnings	$ 1	$ (202)	$ (228)	$ (181)	$ (805)
Net earnings (loss) from continuing operations[2]					
Canada	$ 336	$ 460	$ 166	$ 1,484	$ 961
United States	304	307	194	1,118	769
Europe	310	115	217	813	384
Capital and Risk Solutions	194	9	215	618	833
Lifeco Corporate	(28)	(32)	(49)	(22)	(85)
Lifeco net earnings from continuing operations[2]	$ 1,116	$ 859	$ 743	$ 4,011	$ 2,862
Net earnings (loss) from discontinued operations	—	—	(3)	(115)	(124)
Net gain from disposal of discontinued operations	—	—	—	44	—
Lifeco net earnings - common shareholders	$ 1,116	$ 859	$ 740	$ 3,940	$ 2,738

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 Included in other non-market related impacts are business transformation impacts (including restructuring and integration costs as well as acquisition and divestiture costs), amortization of acquisition-related intangible assets and tax legislative changes and other tax impacts.

Base Earnings

Base earnings for the fourth quarter of 2024 of $1,115 million ($1.20 per common share) increased by $144 million or 15% from $971 million ($1.04 per common share) a year ago reflecting higher net fee and spread income from all segments, partially offset by the impact of the GMT in the Capital and Risk Solutions and Europe segments. Additionally, base earnings growth was driven by higher equity markets and organic growth in Workplace Solutions in the Canada segment and higher CSM recognized for services provided in the Europe segment. These items were partially offset by lower spread income and higher operating expenses in the U.S. segment, weaker individual insurance morbidity experience and lower earnings on surplus in the Canada segment, less favourable group and health insurance experience in the Europe segment, as well as favourable property catastrophe claims experience from the prior year that did not repeat in the Capital and Risk Solutions segment.

For the twelve months ended December 31, 2024, Lifeco's base earnings were $4,192 million ($4.50 per common share) compared to $3,667 million ($3.94 per common share) a year ago. The increase was primarily due to favourable insurance experience and higher fee income in the Canada segment, growth in surplus income in the U.S. and Europe segments as well as the same reasons discussed for the in-quarter results. These items were partially offset by lower surplus earnings in the Canada segment and a change to certain tax estimates from the prior year in Germany that did not repeat in the Europe segment, as well as the same reasons discussed for the in-quarter results.

Net Earnings

Lifeco's net earnings from continuing operations for the three month period ended December 31, 2024 of $1,116 million ($1.20 per common share) increased by $373 million or 50% compared to $743 million ($0.80 per common share) a year ago. The increase was primarily due to higher base earnings, more favourable market experience relative to expectations, and the non-recurrence of prior year Prudential integration expenses. These were offset by adjustments to transaction-related expenses and higher guaranty fund assessments in the current quarter. The results from discontinued operations for the fourth quarter of 2024 were nil compared to a net loss of $3 million a year ago.

For the twelve months ended December 31, 2024, Lifeco's net earnings from continuing operations were $4,011 million ($4.30 per common share) compared to $2,862 million ($3.07 per common share) a year ago. The increase was primarily due to the same reasons discussed for the in-quarter results. The prior year period included the following items that did not repeat in 2024: a provision related to Empower's sale of substantially all of its individual life and annuity business in 2019; and realized other comprehensive income (OCI) losses related to asset rebalancing in the surplus account in the Europe segment. The results from discontinued operations for the twelve months ended December 31 included a net loss of $115 million as well as a $44 million net gain on sale compared to a net loss of $124 million a year ago.

Lifeco's net earnings from continuing operations for the three month period ended December 31, 2024 of $1,116 million ($1.20 per common share) increased by $257 million or 30% compared to $859 million ($0.92 per common share) in the previous quarter. The increase was primarily due to unfavourable fair value impacts of actuarial assumption changes and management actions from the prior quarter that did not repeat as well as the same reasons discussed for the in-quarter results. The results from discontinued operations as discussed for the year-over-year base earnings results were nil and were comparable to the previous quarter.

Foreign Currency

The average currency translation rate for the fourth quarter of 2024 increased for the U.S. dollar, British pound and the euro compared to the fourth quarter of 2023. For the three months ended December 31, 2024, the overall impact of currency movement on the Company's base earnings was an increase of $24 million (increase of $61 million year-to-date) compared to translation rates a year ago. The overall impact of currency movement on the Company’s net earnings was an increase of $26 million (increase of $53 million year-to-date) compared to translation rates a year ago.

From September 30, 2024 to December 31, 2024, the market rates at the end of the reporting period used to translate the U.S. dollar assets and liabilities to the Canadian dollar increased, while the British pound and euro decreased. The movements in end-of-period exchange rates impact the translation of foreign operations, including related hedging activities, resulting in post-tax unrealized foreign exchange gains of $739 million in-quarter ($1,281 million net unrealized gains year-to-date), recorded in other comprehensive income.

Translation rates for the reporting period and comparative periods are detailed in the "Translation of Foreign Currency" section.

Credit Markets

Credit experience impacts on net earnings can arise from:

- Upgrades, downgrades and impairments on fixed income assets measured at fair value through profit and loss (FVTPL), which support insurance contract liabilities;
- Impairments on assets measured at FVTPL, which support general account investment products; and
- The change in expected credit losses on fixed income assets measured at fair value through other comprehensive income (FVOCI) and amortized cost.

Credit markets impact on common shareholders' net earnings (pre-tax)

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Canada	$ 3	$ 1	$ —	$ 2	$ (2)
United States	(17)	—	(48)	(57)	(65)
Europe	(2)	(11)	2	(12)	(16)
Capital and Risk Solutions	1	(4)	(1)	(3)	(1)
Total	$ (15)	$ (14)	$ (47)	$ (70)	$ (84)

In the fourth quarter of 2024, the Company experienced net negative $15 million of credit-related experience in net investment result compared to a net negative impact of $47 million in the same quarter last year, primarily due to less unfavourable credit charges on mortgage loans in the U.S. segment.

For the twelve months ended December 31, 2024, the Company experienced net negative $70 million of credit-related experience in net investment result compared to a net negative impact of $84 million in the same period last year, primarily due to the same reason discussed for the in-quarter results.

Taxes

The Company's effective income tax rate on earnings attributable to common shareholders and total Lifeco earnings are presented below.

Effective Income Tax Rates	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings - common shareholders[1]	15.6 %	16.3 %	15.9 %	17.2 %	13.9 %
Net earnings - common shareholders	15.3 %	16.1 %	(22.2)%	16.5 %	4.1 %
Net earnings - total Lifeco	15.0 %	12.8 %	(28.0)%	14.8 %	1.7 %

1 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

The Company's effective income tax rate is generally lower than the statutory income tax rate of 28.0% due to benefits related to non-taxable investment income and lower income tax rates in certain foreign jurisdictions.

The Organization for Economic Co-Operation and Development (OECD) introduced a 15% Global Minimum Tax (GMT) regime that has been adopted for 2024 by all countries in which the Company has significant operations, other than the U.S. and Isle of Man. Legislation has been enacted by Canada, Barbados, Germany, Ireland, the U.K. and Switzerland with an effective date of January 1, 2024.

The GMT is complex in nature and applies to Lifeco as part of a larger group of related companies. The Company is liable for GMT in respect of Barbados, Ireland, the Isle of Man and Switzerland, jurisdictions where the statutory income tax rates are below 15%. A GMT current tax expense of $24 million has been recognized in the fourth quarter of 2024 ($113 million for the twelve months ended December 31, 2024).

The impact of the GMT on the Company's effective income tax rates are presented below.

Impact of GMT on Effective Income Tax Rates	For the three months ended Dec. 31, 2024	For the twelve months ended Dec. 31, 2024
Base earnings - common shareholders[1]	2.2 %	2.7 %
Net earnings - common shareholders	1.8 %	2.3 %
Net earnings - total Lifeco	1.7 %	2.3 %

1 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

In the fourth quarter of 2024, the effective income tax rate on base earnings for the common shareholders of 15.6% was comparable to the 15.9% in the fourth quarter of 2023 as the GMT increase in 2024 was offset by changes in the jurisdictional mix of earnings. In the fourth quarter of 2024, the effective income tax rate on net earnings for the common shareholders of 15.3% was up from negative 22.2% in the fourth quarter of 2023, mainly due to changes in the jurisdictional mix of earnings and a one-time tax benefit on a reinsurance recapture transaction in 2023.

In the fourth quarter of 2024, the Company's overall effective income tax rate of 15.0% was up from negative 28.0% in the fourth quarter of 2023, primarily due to the same reasons discussed for the in-quarter common shareholders net earnings results.

For the twelve months ended December 31, 2024, the effective income tax rate on base earnings for the common shareholders of 17.2% was up from 13.9% in the same period last year, primarily due to the GMT. For the twelve months ended December 31, 2024, the effective income tax rate on net earnings for the common shareholders of 16.5% was up from 4.1% in the same period last year due to the the same reasons discussed for the in-quarter results and the GMT.

For the twelve months ended December 31, 2024, the Company's overall effective income tax rate of 14.8% was up from 1.7% in the same period last year, primarily due to the same reasons discussed for the year-to-date common shareholders net earnings results.

Refer to note 29 of the Company's annual consolidated financial statements for the year ended December 31, 2024 for further details.

The Company pays corporate income taxes and indirect taxes in jurisdictions where we carry on business. The combination of these taxes totaled approximately $1.7 billion in 2024 and approximately $1.3 billion in 2023 as outlined in the table below.

	For the twelve months ended	
	Dec. 31 2024	Dec. 31 2023
Indirect taxes		
Premium taxes (net of business ceded)	$ 424	$ 416
Payroll taxes	309	276
Property taxes	84	86
Sales tax (GST/HST/PST/VAT/other)	129	105
Business and other taxes	15	8
Total indirect taxes	$ 961	$ 891
Income taxes paid, net of refunds received	707	423
Total	$ 1,668	$ 1,314

Items Excluded from Base Earnings

Market Experience Relative to Expectations

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Public equity market impacts	$ (1)	$ 22	$ 27	$ 48	$ 14
Real estate and other non-fixed income asset impacts	(45)	(10)	(62)	(140)	(371)
Interest rate and other impacts	84	29	(178)	306	50
Total market experience relative to expectations	$ 38	$ 41	$ (213)	$ 214	$ (307)

Market experience relative to expectations, which are reflected in the net investment result of the Company's consolidated statement of earnings, positively impacted net earnings by $38 million in the fourth quarter of 2024, compared to a negative impact of $213 million in the fourth quarter of 2023.

In-quarter impacts reflect interest rate movements including spread movements, and lower returns than expected on real estate assets which are partially offset by higher returns than expected on other non-fixed income assets. The positive interest rate and other impacts result primarily arose from liabilities decreasing by more than their supporting assets; this was driven by risk-free rate increases partially offset by credit spreads narrowing in the Canada segment and in the U.K. in the Europe segment. The lower returns than expected on real estate and other non-fixed income assets arose on underperforming real estate assets in the Canada segment and in the U.K. in the Europe segment, partially offset by over-performance of other non-fixed income assets in the Canada segment.

For the twelve months ended December 31, 2024, market experience relative to expectations positively impacted net earnings by $214 million which compares favourably to a negative impact of $307 million for the same period in 2023. The 2024 year-to-date positive impact was primarily due to interest rate movements in the Canada and Europe segments, and strong performance of public equities in the Canada segment, partially offset by lower returns than expected on real estate assets and other non-fixed income assets.

In order to mitigate the Company's exposure to interest rate fluctuations, the Company follows disciplined processes for matching asset and liability cash flows. As a result, the impact of changing interest rates is mostly mitigated in the current period, with the impact of changes in fair values of bonds backing insurance contract liabilities mostly offset by a corresponding change in the insurance contract liabilities. However, differences in the interest rate sensitivity in the value of assets and the value of insurance and investment contract liabilities leads to a sensitivity to interest rate movements in net earnings due to the Company’s asset liability management strategies and accounting policy choices. These choices include consideration of the impact on regulatory capital, which can result in increased net earnings sensitivity, but decreased capital sensitivity. For example, the Company’s asset liability management strategy uses public equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in net earnings. The classification of financial assets, which are valued at amortized cost and held in the general fund assets supporting liabilities (for example, mortgage assets in the U.K.), also contributes to interest rate exposure in net earnings. Furthermore, sensitivities to interest rate movements vary depending upon the geography where the changes occur and the level of change in interest rates by term.

For a further description of the Company's sensitivity to equity market and interest rate fluctuations, including sensitivity disclosures as a result of current market conditions, refer to "Risk Management", note 7 of the Company's annual consolidated financial statements for the period ended December 31, 2024.

Assumption Changes and Management Actions

Assumption changes on insurance risks and certain management actions directly impact CSM, for contracts which have CSM. The impact of assumption changes and certain management actions on CSM are measured at locked-in rates, for contracts measured under the General Measurement Model.

Net earnings impacts arise from the fair value impact of measuring assumption changes impacting CSM at fair value (relative to the impacts on CSM measured at locked-in rates), as well as assumption changes on financial risks on certain products and assumption changes on insurance risks on contracts which do not have CSM (including short-term insurance contracts).

The table below summarizes how assumption changes and management actions impact CSM and earnings.

		Products with CSM		Products without CSM
Type of business		**Non-participating insurance and longevity business**	**Pass through and fee-based insurance business**	**Short-term business**
Products		• Term life / universal life • Disability / critical illness • Payout annuities • Life reinsurance • Longevity swaps	• Segregated funds • Participating insurance	• Group life and health • Structured and P&C reinsurance • Liabilities for incurred claims
Financial statement impact of assumption changes	CSM[1]	• Insurance assumptions – locked-in rates impact[2]	• Insurance assumptions • Financial assumptions	
	Earnings	• Insurance assumptions – fair value impact[2] • Financial assumptions		• Insurance assumptions • Financial assumptions

1 If there is no CSM balance, then the impact of both insurance and financial assumption changes flows through earnings.

2 As current discount rates are generally higher than locked-in rates (as locked-in rates were mostly set as at January 1, 2022), a favourable change in insurance assumptions would increase the CSM and result in a negative earnings impact in the period.

The following table shows the net earnings and CSM impacts of assumption changes and management actions for the three months ended December 31, 2024 and the same quarter last year.

		Net earnings impact (post-tax)			
Assumptions	**CSM[1] impacts**	**Fair value impact of CSM assumption changes**	**Other**	**Total**	**Description**
For the three months ended December 31, 2024					
Non-participating, excluding segregated funds	$ (23)	$ —	$ 16	$ 16	Minor assumption changes and model refinements
Segregated funds	(290)	—	—	—	Updates to reflect trends in withdrawal experience and model refinements, mainly in the Canada segment
Total	$ (313)	$ —	$ 16	$ 16	
For the three months ended December 31, 2023					
Total	$ (200)	$ (20)	$ 103	$ 83	

1 Excludes participating policies.

The following table shows the net earnings and CSM impacts of assumption changes and management actions for the twelve months ended December 31, 2024 and the same period last year.

		Net earnings impact (post-tax)			
Assumptions	CSM[1] impacts	Fair value impact of CSM assumption changes	Other	Total	Description
For the twelve months ended December 31, 2024					
Longevity	$ 731	$ (246)	$ 4	$ (242)	Updates to reflect trends in longevity experience, primarily on portfolios in the Capital and Risk Solutions segment and in the U.K. in the Europe segment
Mortality	48	(67)	(13)	(80)	Updates to reflect trends in mortality, primarily on the U.S. life reinsurance portfolio in the Capital and Risk Solutions segment
Policyholder behaviour	(412)	79	(16)	63	Updates to reflect renewal experience on term insurance in the Canada segment
Other	(115)	11	99	110	Other updates, including financial and expense assumptions
Total non-participating, excluding segregated funds	$ 252	$ (223)	$ 74	$ (149)	
Segregated funds	(278)	—	—	—	Updates to reflect trends in withdrawal experience and model refinements, mainly in the Canada segment
Total	$ (26)	$ (223)	$ 74	$ (149)	
For the twelve months ended December 31, 2023					
Total	$ (34)	$ (78)	$ 58	$ (20)	

[1] Excludes participating policies.

For the three months ended December 31, 2024, assumption changes and management actions resulted in a decrease in CSM of $290 million on segregated fund business, as well as a decrease in CSM of $23 million and a positive net earnings impact of $16 million on non-participating business, excluding segregated funds.

In the Canada segment, CSM was negatively impacted by $272 million and there was no impact to net earnings, primarily due to assumption changes on segregated fund business. In the Capital and Risk Solutions segment, CSM was negatively impacted by $2 million and net earnings were negatively impacted by $4 million. In the Europe segment, CSM was negatively impacted by $17 million due to assumption changes on segregated fund business. Also in the Europe segment, CSM was negatively impacted by $22 million and net earnings were positively impacted by $20 million, due to minor assumption changes and modelling refinements on other non-participating business. In the U.S. segment, there were no impacts due to assumption changes and management actions.

This compares to an increase in CSM of $305 million and a negative net earnings impact of $203 million on non-participating business in the previous quarter, and a decrease in CSM of $200 million and a positive net earnings impact of $83 million on non-participating business for the same period in 2023.

For the twelve months ended December 31, 2024, assumption changes and management actions resulted in an increase of $252 million in CSM and a negative net earnings impact of $149 million on non-participating business excluding segregated funds. Additionally, assumption changes and management actions resulted in a decrease of $278 million in CSM on segregated fund business.

In the Canada segment, CSM on non-participating business excluding segregated funds was negatively impacted by $371 million and net earnings were positively impacted by $113 million. Also in the Canada segment, CSM on segregated funds was negatively impacted by $273 million. In the Capital and Risk Solutions segment, CSM was positively impacted by $470 million and net earnings were negatively impacted by $246 million. In the Europe segment, CSM on non-participating business excluding segregated funds was positively impacted by $118 million and net earnings were negatively impacted by $33 million. Also in the Europe segment, CSM on segregated fund business was negatively impacted by $9 million. In the U.S. segment, the CSM on non-participating business excluding segregated funds was positively impacted by $35 million and net earnings were negatively impacted by $23 million. Also in the U.S. segment, CSM on segregated fund business was positively impacted by $4 million. In the Lifeco Corporate segment, there was no impact to CSM, and net earnings were positively impacted by $40 million.

This compares to a decrease in CSM of $34 million and a negative net earnings impact of $20 million for the same period in 2023.

Other Items Excluded from Base Earnings

For the fourth quarter of 2024, other items excluded from base earnings were negative $53 million compared to negative $98 million a year ago as business transformation costs decreased $37 million compared to the same period in the prior year, primarily due to restructuring and integration costs in the Europe and U.S. segments from the prior year that did not repeat.

For the twelve months ended December 31, 2024, other items excluded from base earnings were negative $246 million compared to negative $357 million a year ago as business transformation costs decreased $110 million compared to the same period in the prior year. This is primarily due to the same reason discussed for the in-quarter results. Additionally, there were realized OCI losses related to asset rebalancing to shorter duration assets in the Europe segment from the prior year that did not repeat which contributed to the less negative impact on other items excluded from base earnings for the twelve months ended December 31, 2024.

Lifeco Value Drivers

The Company has a diversified mix of business across its reportable operating segments and accordingly supplements its analysis of results with reporting and disclosures by business type or "value driver". The Company focuses on three key value drivers for its business that extend across its reportable operating segments:

- Workplace Solutions
- Wealth & Asset Management
- Insurance & Risk Solutions

Lifeco Base Earnings by Value Driver

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]					
Workplace Solutions	$ 558	$ 520	$ 489	$ 2,043	$ 1,851
Wealth & Asset Management	185	167	144	652	539
Insurance & Risk Solutions	371	358	383	1,416	1,398
Corporate	1	16	(45)	81	(121)
Lifeco base earnings[1]	$ 1,115	$ 1,061	$ 971	$ 4,192	$ 3,667
Lifeco net earnings from continuing operations[2]	$ 1,116	$ 859	$ 743	$ 4,011	$ 2,862

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

The information in the table above is a summary of base earnings by the Company's value drivers. Additional commentary regarding base earnings by value drivers is included, as applicable, in the sections below.

Workplace Solutions

The Company has built millions of trusted relationships with customers through Workplace Solutions. These relationships are based on the consistent delivery of health and wellness benefits, as well as retirement solutions that are delivered at scale through employer sponsored plans as a core part of the business. The Company is also building lifetime customer relationships through a focus on deepening the advice and solutions to better meet customers' retirement, investment and wellness needs.

Selected Financial Results

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]	$ 558	$ 520	$ 489	$ 2,043	$ 1,851
Retirement net cash flows[2,3,4]	(11,474)	(18,393)	12,132	(43,617)	17,430
Fee and other income	1,297	1,221	1,089	4,869	4,208
Group life and health book premiums[2]	18,337	17,802	17,258		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 Results for the three months ended September 30, 2024 and twelve months ended December 31, 2024 do not include $54.4 billion (US$40.0 billion) in transfers related to the Plan Management Corporation (PMC) acquisition in the U.S. segment.

4 Results for the periods ended December 31, 2024 do not include $3.5 billion (US$2.5 billion) in net outflows related to PMC stock plan services in the U.S. segment. These outflows primarily represent timing of outflows and inflows that fall in separate quarters based on the nature of the product and are not representative to the Company's ability to attract and retain business. The Company expects outflows in the fourth quarter will be mostly offset by inflows in the first quarter of 2025.

Base earnings

Workplace Solutions base earnings for the fourth quarter of 2024 of $558 million increased by $69 million or 14% compared to the same quarter last year. The increase was primarily due to an increase in fee income driven by growth in the business and higher equity markets in Empower Defined Contribution as well as organic growth in the Canada segment, partially offset by less favourable group protection experience in the U.K. as well as less favourable health experience in Ireland in the Europe segment.

For the twelve months ended December 31, 2024, Workplace Solutions base earnings of $2,043 million increased by $192 million or 10% compared to the same period last year. The increase was primarily due to strong long-term disability and health experience as well as organic growth of in-force block earnings in the Canada segment and an increase in fee income driven by growth in the business and higher equity markets in Empower Defined Contribution. These items were partially offset by less favourable group experience in the U.K. in the Europe segment.

Net cash flows

Net cash outflows for the fourth quarter of 2024 were $11.5 billion, compared to net cash inflows of $12.1 billion for the same quarter last year, primarily due to higher participant net redemptions in the current year in Empower Defined Contribution. Average account balances of participants have increased due to market growth over the past year, resulting in increased distributions, which have outpaced contributions.

For the twelve months ended December 31, 2024, net cash outflows were $43.6 billion compared to net cash inflows of $17.4 billion for the same period last year, primarily due to the same reason discussed for the in-quarter results as well as a large plan termination in the first quarter of 2024 in Empower Defined Contribution. Large plan sales and terminations can be highly variable from period to period and tend to result in lower margins but nonetheless contribute to covering fixed overhead costs. The current year excludes $54.4 billion (US$40 billion) in net transfers related to Empower's recent acquisition of Plan Management Corporation (PMC).

Fee and other income

Fee and other income for the fourth quarter of 2024 of $1,297 million increased by $208 million compared to the same quarter last year, primarily due to higher equity market levels and overall growth in the business in the U.S. segment.

For the twelve months ended December 31, 2024, fee and other income of $4,869 million increased by $661 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results as well as adjustments related to the Prudential acquisition in the U.S. segment in the second quarter of 2024.

Group life and health book premiums

Group life and health book premiums at December 31, 2024 were $18,337 million, an increase of $535 million compared to September 30, 2024, primarily due to organic growth of in-force business in the Canada and Europe segments as well as the addition of the dental plan for retired Canadian public servants in the Canada segment.

Wealth & Asset Management

In partnership with over 108,000 advisor relationships globally at the end of 2024, the Company is delivering targeted and sophisticated solutions supported by personalized advice to meet customers' most complex personal wealth needs. The approach is enabled through investments in technology platforms and in market leading managed solutions to help advisors continue to meet the evolving needs of customers.

Selected Financial Results

	As at or for the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]	$ 185	$ 167	$ 144	$ 652	$ 539
Wealth net cash flows[2]	4,689	4,783	3,711	13,475	12,316
Fee and other income	637	569	456	2,284	1,619
CSM, segregated fund products[3]	3,291	3,567	3,309		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 The U.S. segment does not have a material CSM balance and has been excluded.

Base earnings

Wealth & Asset Management base earnings for the fourth quarter of 2024 of $185 million increased by $41 million or 28% compared to the same quarter last year. The increase was primarily due to an increase in fee income driven by growth in the business and higher equity markets in Empower Personal Wealth, higher net fee and spread income driven by the addition of IPC and Value Partners and favourable market impacts in the Canada segment and higher fee income from Ireland and the U.K. in the Europe segment.

For the twelve months ended December 31, 2024, Wealth & Asset Management base earnings of $652 million increased by $113 million or 21% compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results.

Net cash flows

Net cash inflows for the fourth quarter of 2024 were $4,689 million compared to net inflows of $3,711 million for the same quarter last year, primarily due to higher inflows in Empower Personal Wealth as well as higher segregated fund and third party mutual fund flows in the Canada segment. These items were partially offset by fund redemptions at Irish Life Investment Managers (ILIM) by a subadvisor to tactically rebalance their holdings in Ireland in the Europe segment.

For the twelve months ended December 31, 2024, net cash inflows were $13,475 million compared to net cash inflows of $12,316 million for the same period last year, primarily due to higher institutional asset management flows in Ireland in the Europe segment driven by a large client rebalancing and strategic allocation decision, as well as the addition of IPC and Value Partners and higher segregated fund and third party mutual fund flows in the Canada segment. These items were partially offset by lower inflows in Empower Personal Wealth.

Fee and other income

Fee and other income for the fourth quarter of 2024 of $637 million increased by $181 million compared to the same quarter last year, primarily due to assets under management growth from strong markets and the additions of IPC and Value Partners in the Canada segment, higher equity market levels and overall growth in the business in Empower Personal Wealth and higher management fees from higher average assets under administration as well as a gain recorded in the fourth quarter of 2024 on the sale of the U.K. onshore bond business, which is excluded from base earnings, in the Europe segment.

For the twelve months ended December 31, 2024, fee and other income of $2,284 million increased by $665 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

CSM, segregated fund products

CSM for segregated fund products at December 31, 2024 of $3,291 million decreased by $18 million compared to December 31, 2023, primarily due to CSM recognized for services provided and the impact of actuarial assumption changes, partially offset by the impact of markets and new business. Refer to the "Assumption Changes and Management Actions" section of this document for additional details.

Insurance & Risk Solutions

The Company has a strong and stable insurance base which helps produce capital that is invested in areas of opportunity for growth. Additionally, with its sophisticated risk and capital management expertise, the Company is helping organizations manage their risks and deliver sustainable customer solutions. By leveraging this expertise, Lifeco is diversifying its portfolio, offsetting or counterbalancing risks and creating value for stakeholders including strong financial performance.

Selected Financial Results

	As at or for the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]	$ 371	$ 358	$ 383	$ 1,416	$ 1,398
New business non-participating CSM, excluding segregated fund products[2]	269	180	105	658	374
Non-participating CSM, excluding segregated fund products[2]	6,790	6,703	6,159		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 The U.S. segment does not have a material CSM balance and has been excluded.

Base earnings

Insurance & Risk Solutions base earnings for the fourth quarter of 2024 of $371 million decreased by $12 million or 3% compared to the same quarter last year. The decrease was primarily due to the impact of GMT in the Capital and Risk Solutions and Europe segments, lower individual insurance experience in the Canada segment, and favourable property catastrophe claims experience in 2023 which did not recur in the Capital and Risk Solutions segment. These items were partially offset by business growth and favourable claims experience in the U.S. life business in the Capital and Risk Solutions segment and higher trading gains in the Europe segment.

For the twelve months ended December 31, 2024, Insurance & Risk Solutions base earnings of $1,416 million increased by $18 million or 1% compared to the same period last year. The increase was primarily due to business growth and favourable claims experience in the U.S. life business in the Capital and Risk Solutions segment. These items were partially offset by the impact of GMT in the Capital and Risk Solutions and Europe segments as well as the impact of assumption changes in the Canada segment.

New business non-participating CSM, excluding segregated fund products

Insurance & Risk Solutions new business non-participating CSM, excluding segregated fund products, for the fourth quarter of 2024 of $269 million increased by $164 million compared to the same quarter last year, primarily due to strong contributions from the Capital and Risk Solutions segment, partially offset by lower new business CSM from the U.K. in the Europe segment.

For the twelve months ended December 31, 2024, Insurance & Risk Solutions new business non-participating CSM, excluding segregated fund products, of $658 million increased by $284 million compared to the same period last year, primarily due to strong contributions from the Capital and Risk Solutions segment and from the U.K. in the Europe segment.

Non-participating CSM, excluding segregated fund products

Non-participating CSM, excluding segregated fund products, at December 31, 2024 of $6,790 million increased by $631 million compared to December 31, 2023, primarily due to strong contributions of CSM from new business, the impact of currency movement and the positive actuarial assumption changes in the Europe and Capital and Risk Solutions segments, partially offset by CSM recognized for services provided across all segments and negative actuarial assumption changes in the Canada segment. Refer to the "Assumption Changes and Management Actions" section of this document for additional details.

Segmented Operating Results

The segmented operating results of Lifeco, including the comparative figures, are presented on an IFRS basis after capital allocation. Consolidated operating results for Lifeco comprise the net earnings of Canada Life (and its operating subsidiaries), Empower and the discontinued operations of Putnam, together with Lifeco's corporate results. The following sections analyze the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe and Capital and Risk Solutions.

Translation of Foreign Currency

For the United States, Europe and Capital and Risk Solutions segments, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period.

Canada

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Canada Life, together with an allocation of a portion of Lifeco's corporate results.

Business Profile

The Canada segment offers a broad suite of products and services through multiple distribution channels aimed at providing advice and product solutions to meet the needs of Canadians at all phases of their lives.

Workplace Solutions

Workplace Solutions includes group life and health benefits, group creditor, and group retirement and investment product lines.

Through its group life and health benefits product lines, the Company offers effective benefit solutions for small, medium and large plan sponsors. The Company offers a wide range of traditional group products and services including life, accidental death and dismemberment, critical illness, disability, health and dental as well as specialty products. The Company's Freedom Experience suite of products allows members to apply for life, health and critical illness products and maintain this coverage even when leaving their employers, as well as offering members the option to roll over their retirement assets to a Canada Life sponsored plan after they change jobs or retire. Traditional group products are generally offered on an insured or an administrative services only (ASO) basis, where clients self-insure the products and the Company administers it on their behalf.

The Company’s creditor business offers creditor insurance products through financial institutions. Canada Life is a leader in the creditor insurance business in Canada.

Group retirement and investment product lines include group Registered Retirement Savings Plans (RRSP), defined contribution (DC) pension plans, Tax-Free Savings Accounts (TFSA), Registered Education Savings Plans (RESP), other group retirement income products and institutional investment services. The Company is focused on innovation within its savings and investment product lines.

Through the Company's extensive network of group sales offices located across the country, it distributes its products through brokers, consultants and financial security advisors.

Individual Wealth Management

Individual Wealth Management includes individual wealth savings and income products and services.

The Company is a leader in Canada for wealth management products and services delivered through independent advisors. Segregated fund products are distributed through diverse, complementary channels: Advisor Solutions; a distribution channel for advisors with a direct contract with Canada Life, MGAs and national accounts. The Company participates in the MGA channel through Financial Horizons Group, distributing segregated fund products from across the insurance industry. The Company also offers mutual funds and securities accounts through its dealer Quadrus Investment Services, as well as through Value Partners and IPC.

Through its various platforms and distribution channels, the Company is able to provide wealth management advice and product solutions that meet the needs of Canadians across a broad range of affluence levels.

Insurance & Annuities

Insurance & Annuities includes individual life, disability and critical illness insurance products and services, as well as individual life annuities and single premium group annuities (SPGA).[1]

The Company is a leader in Canada for insurance products and services and utilizes diverse, complementary distribution channels: Advisor Solutions, MGAs and national accounts, including IG Wealth Management, a member of the Power Corporation of Canada group of companies. The Company participates in the MGA channel through Financial Horizons Group, distributing products from across the insurance industry.

By offering this broad suite of products and services through multiple distribution channels, the Company is able to provide protection and estate planning product solutions supported by expert advice to meet the needs of Canadians at all phases of their lives.

Market Overview

Workplace Solutions

The Company provides an array of life, health and creditor insurance as well as retirement and investment products that are distributed primarily through group sales offices across the country.

Market Position	Products and Services	Distribution

• Employee benefits to over 28,000 plan sponsors[1]
• 22% market share for employee benefit plans[1]
• Leading market share for creditor products with coverage provided to 6 million plan members[2]
• 19% market share of group capital accumulation plans[1]
	Group Life and Health Benefits
	• Life
	• Disability
	• Critical illness
	• Accidental death & dismemberment
	• Dental
	• Expatriate coverage
	• Extended health care
	
	Group Creditor
	• Life
	• Disability
	• Job loss
	• Critical illness
	
	Group Retirement and Investment Services
	• Group capital accumulation plans including:
	  • Defined contribution pension plans
	  • Group RRSPs, RESPs & TFSAs
	  • Deferred profit sharing plans
	  • Non-registered savings programs invested in:
	    • Segregated funds
	    • Guaranteed investment options
	    • Single company stock
	
	• Retirement income plans
	  • Retirement income funds
	  • Life income funds
	
	• Investment management services only plans; invested in:
	  • Segregated funds
	  • Guaranteed investment options
	  • Securities
	
	Specialty Products and Services
	• Individual health, life and critical illness offered through the Freedom Experience
	• Consult+™
	• Teledoc Medical Experts™
	• Contact™
		• Group life and health benefits and group retirement and investment services products and services are distributed through brokers, consultants, third party administrators/payers and financial security advisors. Sales and service support are provided by an integrated team of over 600 employees, located in 21 offices across the country, including more than 100 account executives.[2]
		• Group creditor products and services are distributed primarily though large financial institutions and serviced through a dedicated sales and service organization.

1 As at December 31, 2023.

2 As at December 31, 2024.

[1] Effective August 2023, the Company is no longer actively pursuing and bidding on the SPGA market.

Individual Wealth Management

The Company provides an array of individual wealth management products that are distributed through multiple sales channels.

Market Position	Products and Services	Distribution[1]

• An industry leader with 24% market share of individual segregated fund assets[1]	• Savings and retirement income plans
	  • RRSPs
	  • Non-registered savings programs
	  • TFSAs
	  • RESPs
	  • RRIFs
	  • LIFs
	
	Invested in:
	  • Segregated funds
	  • Mutual funds
	  • Guaranteed investment options
	  • Securities (various forms of managed programs)
		Advisor Solutions
		• Our Affiliated channel includes about 4,000 advisors who have directly contracted with Canada Life; those selling mutual funds are registered with Quadrus Investment Services.
		
		Managing General Agency
		• Independent advisors who contract with an MGA to access all carriers for insurance and segregated funds, including Canada Life. In 2024, about 12,000 advisors placed business through Canada Life in this channel or are contracted with Financial Horizons, a Canada Life owned MGA.
		
		National Accounts
		• National accounts are banks and financial planning firms who contract with Canada Life, with about 2,500 advisors placing business in 2024.
		
		Investment Planning Counsel
		• Over 600 financial advisors work with IPC.
		
		Value Partners
		• Value Partners has approximately 80 financial advisors.

[1] As at November 30, 2024.

Insurance & Annuities

The Company provides an array of individual insurance products that are distributed through multiple sales channels.

Market Position	Products and Services	Distribution[2]
• A leader in individual life insurance sales measured by new total premiums with 16% market share[1] • A significant provider of individual disability and critical illness insurance with 10% market share of new sales[1]	**Individual Life Insurance** • Term life • Universal life • Participating life **Living Benefits** • Disability • Critical illness **Retirement Income Plans** • Payout annuities • Deferred annuities	**Advisor Solutions** • Our Affiliated channel includes about 4,000 advisors who have directly contracted with Canada Life. **Independent Distribution** • Independent advisors who contract with an MGA to access all insurance carriers including Canada Life. In 2024, about 12,000 advisors placed business through Canada Life in this channel or are contracted with Financial Horizons, a Canada Life owned MGA. **National Accounts** • National accounts are banks and financial planning firms who contract with Canada Life, with about 2,500 advisors placing business in 2024.

[1] For the nine months ended September 30, 2024.

[2] As at November 30, 2024.

Competitive Conditions

Workplace Solutions

The group life and health benefits market in Canada is mainly comprised of three large group insurance carriers with significant market positions, a number of smaller companies operating nationally and several regional and niche competitors. The Company has a significant market share of 22%, which is supported by an extensive distribution network that has access to a wide range of products and services. This strong market share position is a distinct advantage for competing successfully in the Canadian group insurance market.

The group capital accumulation plan market is also very competitive. Three major insurance companies hold a significant market share while several smaller insurance companies have an important market presence.

Individual Wealth Management

The individual wealth management marketplace is very competitive. The Company's main competitors include mutual fund companies, insurance companies, banks, financial technology (Fintech) and investment advisors as well as other service and professional organizations. Competition focuses on ease of doing business through technology, service, variety of investment options, investment performance, product features, price (fees), compensation and financial strength. Individual Wealth Management's strong partnership with financial advisors, which was further enhanced in 2023 with the acquisition of IPC and Value Partners, provide important strategic advantages within the Canadian market.

Insurance & Annuities

Competition in the Canadian individual insurance market focuses on service, technology, product features, price, compensation and financial strength, as indicated by ratings issued by nationally recognized agencies. The Company's broad spectrum of strong distribution relationships provide important strategic advantages within the Canadian market.

2024 Developments

- More than 11,000 advisors and delegates to date have been onboarded to a new central digital platform, enabling access to view Canada Life business, find forms and access other resources and tools including a new digital segregated fund application which enables a seamless onboarding experience.
- On July 1, 2024, Canada Life successfully moved IPC to Canada Life's financial systems, programs and processes, technology and human resources. IPC continues to operate as a separate brand in the Canadian wealth marketplace.
- On October 1, 2024, Canada Life Investment Management Ltd. (CLIML) and Counsel Portfolio Services Inc. (Counsel), a subsidiary of IPC, amalgamated. Bringing these two investment fund management companies together into one centre of excellence is expected to allow Canada Life to unlock new growth opportunities, achieve economies of scale and improve operational effectiveness.
- On October 4, 2024, Canada Life announced that it had signed a new, independent distribution agreement with Primerica Life Insurance Company of Canada (Primerica Canada). This distribution agreement will give Primerica Canada's advisors access to a curated selection of Canada Life's segregated fund shelf, extending the market reach of Canada Life's existing distribution and help the underserved mass market. The training and onboarding of Primerica Canada's advisors will be phased, beginning in 2025.
- On November 1, 2024, Canada Life began administering the dental benefits for approximately 1.4 million Canadians through the public service dental plans. Canada Life has administered the dental plan for active employees of the federal public service since 1987. Under a modernized contract, Canada Life is now also administering dental benefits to retirees. Claims are being processed quickly and call centre service is exceeding service standards. This builds on the Company's implementation of the Public Service Health Care Plan (PSHCP), implemented on July 1, 2023.
- During the fourth quarter of 2024, Canada Life went live with a new contact centre platform, enabling the Company to continue providing a high level of service to all of its customers.

Selected Financial Information - Canada

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]					
Workplace Solutions	$ 200	$ 181	$ 192	$ 761	$ 706
Individual Wealth Management	66	61	46	238	202
Insurance & Annuities	54	65	60	235	224
Corporate	1	10	3	28	26
Base earnings (loss)[1]	$ 321	$ 317	$ 301	$ 1,262	$ 1,158
Items excluded from base earnings	15	143	(135)	222	(197)
Net earnings - common shareholders	$ 336	$ 460	$ 166	$ 1,484	$ 961
Sales[2]					
Group Life & Health	$ 397	$ 283	$ 135	$ 963	$ 2,336
Group Retirement	1,168	694	1,143	3,410	3,151
Individual Wealth Management	4,998	3,964	2,869	18,004	9,801
Insurance & Annuities	180	169	175	650	637
Net cash flows[2]					
Group Retirement	$ 77	$ 20	$ 435	$ 414	$ 849
Individual Wealth Management	(132)	(157)	(572)	(967)	(1,960)
Net cash flows[2]	$ (55)	$ (137)	$ (137)	$ (553)	$ (1,111)
Fee and other income					
Workplace Solutions	$ 284	$ 268	$ 244	$ 1,079	$ 945
Individual Wealth Management	218	203	131	813	401
Individual Insurance	—	—	—	1	—
Corporate	11	9	8	34	31
Fee and other income	$ 513	$ 480	$ 383	$ 1,927	$ 1,377
Group life and health book premiums[2]	$ 15,666	$ 15,189	$ 14,843		
Total assets	$ 226,873	$ 222,018	$ 203,784		
Other assets under management[2,3]	14,600	14,092	13,056		
Total assets under management[1]	241,473	236,110	216,840		
Other assets under administration[2]	64,499	62,832	55,635		
Total assets under administration[1]	$ 305,972	$ 298,942	$ 272,475		
Contractual service margin					
Insurance & Annuities - Non-Participating	$ 690	$ 706	$ 1,159		
Individual Wealth Management - Segregated Funds	1,760	2,003	1,846		
Insurance & Annuities - Participating	3,024	2,969	2,867		
Contractual service margin	$ 5,474	$ 5,678	$ 5,872		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 At December 31, 2024, Canada Life had $7.3 billion of proprietary mutual fund assets held by retail clients ($7.1 billion at December 31, 2023). $3.4 billion ($3.3 billion as at December 31, 2023) of these assets are consolidated as investments on account of segregated fund policyholders on the Company's balance sheet.

Base and net earnings

In the fourth quarter of 2024, the Canada segment's base earnings of $321 million increased by $20 million or 7% compared to the same quarter last year, primarily due to strong Workplace Solutions health experience driven by pricing actions, organic growth of in-force block earnings in Workplace Solutions and higher net fee and spread income driven by the addition of IPC and Value Partners and favourable market impacts. These items were partially offset by lower individual insurance morbidity experience and lower earnings on surplus.

In the fourth quarter of 2024, net earnings of $336 million increased by $170 million compared to the same quarter last year. Items excluded from base earnings were positive $15 million compared to negative $135 million for the same quarter last year. Market experience relative to expectations was positive $9 million in the fourth quarter of 2024 compared to negative $114 million for the same quarter last year, primarily due to favourable impacts of risk-free interest rate movements in the current quarter compared to unfavourable impacts in the prior year.

For the twelve months ended December 31, 2024, base earnings of $1,262 million increased by $104 million or 9% compared to the same period last year, primarily due to strong Workplace Solutions long-term disability and health experience, organic growth of in-force block earnings in Workplace Solutions and higher net fee and spread income driven by the addition of IPC and Value Partners and favourable market impacts. These items were partially offset by the impact of assumption changes and lower earnings on surplus.

For the twelve months ended December 31, 2024, net earnings of $1,484 million increased by $523 million compared to the same period last year. Items excluded from base earnings were positive $222 million compared to negative $197 million for the same period last year. Market experience relative to expectations was positive $144 million compared to negative $139 million for the same period last year, primarily due to favourable impacts of risk-free interest rate movements in the current year compared to unfavourable impacts in the prior year and better non-fixed income performance relative to expectations in the current year compared to the prior year. Assumption changes and management actions were positive $113 million compared to negative $38 million for the same period last year. Refer to the "Assumption Changes and Management Actions" section of this document for additional details.

For the fourth quarter of 2024, net earnings attributable to the participating account was $29 million compared to a net loss of $5 million for the same quarter last year, primarily due to higher earnings on surplus and more favourable tax impacts.

For the twelve months ended December 31, 2024, the net earnings attributable to the participating account was $104 million compared to net earnings of $16 million for the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Sales

Group life and health sales for the fourth quarter of 2024 of $397 million increased by $262 million compared to the same quarter last year, primarily due to the addition of the dental plan for retired Canadian public servants. Group retirement sales for the fourth quarter of 2024 of $1,168 million increased by $25 million compared to the same quarter last year, primarily due to higher asset retention sales. Individual wealth management sales for the fourth quarter of 2024 of $4,998 million increased by $2,129 million compared to the same quarter last year, primarily due to the addition of IPC and Value Partners, along with strong segregated fund and third-party mutual fund sales. Insurance and annuities sales for the fourth quarter of 2024 of $180 million increased by $5 million compared to the same quarter last year, primarily due to higher par sales.

For the twelve months ended December 31, 2024, compared to the same period last year, group life and health sales of $963 million decreased by $1,373 million, primarily due to the addition of the Canada federal government PSHCP last year. Group retirement sales of $3,410 million increased by $259 million, individual wealth management sales of $18,004 million increased by $8,203 million, and insurance and annuities sales of $650 million increased by $13 million. These movements were primarily due to the same reasons discussed for the in-quarter results.

Group life and health book premiums

Group life and health book premiums at December 31, 2024 were $15,666 million, an increase of $477 million compared to September 30, 2024, primarily due to organic growth of in-force business and the addition of the dental plan for retired Canadian public servants.

Net cash flows

In the fourth quarter of 2024, net cash outflows were $55 million compared to net cash outflows of $137 million for the same quarter last year, primarily due to higher segregated fund and third party mutual fund flows, partially offset by higher group retirement withdrawals.

For the twelve months ended December 31, 2024, net cash outflows were $553 million compared to net cash outflows of $1,111 million for the same period last year, primarily due to the same reasons discussed for the in-quarter results as well as the addition of IPC and Value Partners.

Fee and other income

Fee and other income for the fourth quarter of 2024 of $513 million increased by $130 million compared to the same quarter last year, primarily due to assets under management growth from strong markets and the additions of IPC and Value Partners.

For the twelve months ended December 31, 2024, fee and other income of $1,927 million increased by $550 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Contractual service margin

At December 31, 2024, total contractual service margin was $5,474 million, a decrease of $398 million from December 31, 2023. The decrease was primarily due to the impact of actuarial assumption changes and CSM recognized for services provided, partially offset by the impact of markets. Refer to the "Assumption Changes and Management Actions" section of this document for additional details.

Outlook

Refer to Cautionary Note regarding Forward-looking Information and Cautionary Note regarding Non-GAAP Financial Measures and Ratios at the beginning of this document.

Workplace Solutions

The group life and health and group retirement markets in Canada are mainly comprised of three large carriers, including Canada Life and a number of smaller companies also having an important market presence. Major factors affecting the growth of this market, as well as the Company, include employment growth, macroeconomic conditions such as interest rates and the changes in the regulatory and legislative landscape. Major factors affecting the growth of the group retirement market include employment growth, the financial ability for workers to save for retirement and macroeconomic conditions such as interest rates and public equity market performance.

During 2024, Workplace Solutions successfully onboarded the dental plan for retired Canadian public servants. The Company believes that its strong market share in all case sizes, regional and benefit market segments, together with its distribution capacity, will facilitate continued growth in 2025.

In 2025, Workplace Solutions plans to continue its focus and investment in the disability offering and operations to support growth and profitability in the group health market as well as to make significant investments in the group retirement business to improve customer experiences through enhanced digital capabilities, operational effectiveness, and improved sales support levels. The Company also plans to enhance its competitive position by improving operational resilience; and to enhance productivity as well as customer and employee experience by making further investments in workflow, automation, digital innovation and artificial intelligence.

Growing the Freedom Experience has been a key area of focus as the Company seeks to provide customized solutions to increasingly unique customer needs. These products also serve to close any group health and wealth gaps that members might experience with their current coverage.

Individual Wealth Management

The individual wealth management market in Canada is shared among banks, wealth advisory companies, life insurers and others, including growth in a number of digital wealth platforms. Major factors affecting the growth of this market include growth in private wealth, the pattern of wealth accumulation and decumulation, changes in the regulatory and legislative landscape and macroeconomic conditions such as the public equity market performance.

The strong Canada Life brand, prudent business practices, the depth and breadth of its distribution channels, as well as the Company's reputation for strength and stability, positions the Company well for 2025 and beyond.

In 2024, the Company progressed on integrating the business of IPC, onboarding IPC to Canada Life's financial systems, business processes, technology and human resources systems. IPC's fund company, Counsel, was amalgamated with CLIML on October 1, 2024.

In 2025, Individual Wealth Management will continue to leverage the recently acquired capabilities to advance its growth strategies. The business will enhance the value propositions for advisors in all channels, providing them with strategies and tools, helping their customers focus on achieving long-term financial security. This commitment to advice is expected to benefit strong customer retention as well as helping advisors attract new customers.

The business will continue to competitively develop, price and market a comprehensive range of individual wealth management products while maintaining its focus on providing a leading platform to customers and independent advisors in all channels.

Insurance & Annuities

The insurance and annuities market in Canada is led by a few major players, with many other players participating in the market. Major factors affecting the growth of this market, as well as the Company, include perceived need for life and health protection, tax and estate planning, growth in private wealth, changes in the regulatory and legislative landscape and macroeconomic conditions including interest rates and public equity market performance.

In 2024, the Company continued to strengthen its distribution network and product suite by launching a new universal life product with competitive features and rates, and improved pricing for disability illness products. The Company also continued to enhance features for its web-based illustrations.

In 2025, Insurance & Annuities will continue to advance on business strategies of balancing growth with disciplined pricing and risk selection. The business will continue to competitively develop, price and market a comprehensive range of individual insurance products, while maintaining a strong focus on pricing and risk management discipline. The Company will also continue to monitor and respond to the impacts of fluctuation in long-term interest rates and price compression.

The Company remains committed to supporting its advisors. Distribution channels will maximize the use of common tools, processes and support, while tailoring support to specific needs of advisors, where appropriate. The business will continue to enhance its competitive position by focusing on improving advisor, customer and employee experience with investments in new business and underwriting workflow and simplification of processes. It will continue to focus on delivering a seamless, digitally led experience for advisors, customers, and employees from point of initial engagement through to claims settlement, with quick and transparent servicing.

Operational expense management continues to be critically important for the Canada segment to deliver strong financial results. The business will seek to achieve this through disciplined expense controls and effective implementation of efficiency initiatives. Management has identified key areas of focus for these initiatives to facilitate efficiency gains balancing with supporting organic growth, including continuing to invest in digital solutions to support advisors and customers, while addressing its legacy of administration systems and processes to gain efficiency.

United States

The United States segment operating results for Lifeco include the results of Empower Annuity Insurance Company of America (Empower), PanAgora Asset Management and the results of the legacy insurance businesses in the U.S. branch of Canada Life, together with an allocation of a portion of Lifeco's corporate results. Items not associated directly with or allocated to Empower and PanAgora Asset Management are included in the Corporate business unit. Those include a retained block of life insurance, predominately participating policies, which are now administered by Protective Life, as well as a closed life retrocession block. The U.S. segment also includes the results of Putnam Investments classified as discontinued operations.

Business Profile

Empower Defined Contribution

Empower Defined Contribution specializes in saving, investing and advisory services to help participants and plan sponsors achieve their retirement goals by offering a comprehensive suite of services through employer sponsored defined contribution, defined benefit and non-qualified plans. These services include optimized enrollment processes, engaging communication materials, diverse investment options and educational resources. Empower Defined Contribution further supports participants through individualized financial advice and innovative product solutions designed to maximize retirement outcomes. In addition to participant focused offerings, it also offers private label recordkeeping and administrative services, empowering plan providers to deliver seamless employer-sponsored plan experiences. Empower has expanded its capabilities with Empower Stock Plan Services, providing equity compensation administration through flexible and adaptable technology for plan sponsors. Through these capabilities, Empower Defined Contribution continues to strengthen its alignment with the Workplace Solutions value driver, with a commitment to improving financial security across diverse industries.

Empower Personal Wealth

Empower Personal Wealth provides extensive retail wealth management products and services tailored to individuals. These offerings include individual retirement accounts, after-tax investment accounts, high-net-worth wealth management and an array of financial planning solutions. Empower Advisors serves as a cornerstone of these offerings, delivering customized financial strategies that include online investment advice and managed account services to support clients in achieving their unique financial goals. To further enhance these services, Empower Personal Wealth integrates digitally advanced tools and platforms that enable clients to monitor their financial health comprehensively. These digital tools provide capabilities such as real-time tracking of net worth and portfolios, budgeting, cash flow analysis, retirement planning and debt management. Empower Personal Wealth aligns with the Wealth & Asset Management value driver, offering a seamless and holistic approach to financial well-being for its clients.

Asset Management

Asset Management, through the PanAgora Asset Management brand, provides investment management services and related administrative functions and distribution services and offers a broad range of investment products. PanAgora Asset Management aligns with the Wealth & Asset Management value driver. PanAgora Asset Management's results are immaterial to Lifeco's overall results.

Market Overview

Empower Defined Contribution

Market Position	Products and Services	Distribution
• Second largest defined contribution service provider in the country[1] by participants, providing services for 18.5 million participant accounts and approximately 88,000 plans[2], with clients in all fifty states, Puerto Rico and Guam • Multiple awards from the NAPA Advisors' Choice Awards as an industry leader across various market segments for excellence in service and innovation[3] • Best in class in satisfaction among recordkeeping providers in 2024[4] • Market leader in service to small and mid-sized organizations (plans under $50 million)[1] • Provides services to government plans in all fifty states, including administration or investment services for 29 state plans • Largest provider of union plan services[5]	• Employer-sponsored defined contribution, defined benefit and non-qualified plans as well as a complete array of financial wellness programs • Administrative and recordkeeping services, including enrollment, communication strategies and education programs • Fund management, investment options and advisory services • Workplace advice solutions leveraging advanced data analytics and technology through personalized dashboards, investment strategies and progress tracking • Real-time stock plan technology offered through Empower Stock Plan Services, providing administration services for equity plan management	• Retirement services products distributed to plan sponsors through brokers, consultants, advisors, third-party administrators and banks, ensuring broad accessibility • Retirement plan sponsors are supported by Empower's dedicated sales, account management and client service professionals • Empower offers private label recordkeeping and administrative services distributed through institutional clients

1 2024 PLANSPONSOR DC Recordkeeping Survey as of December 31, 2024.

2 As of December 31, 2024.

3 2024 Advisors' Choice Top Recordkeepers. NAPA Advisors' Choice Awards 2024.

4 2024 PLANSPONSOR DC Survey Standout.

5 2023 Pensions & Investments DC Recordkeeping Survey.

Empower Personal Wealth

Market Position	Products and Services	Distribution

• Individual wealth management provider with over 740,000 accounts and approximately US$87 billion in assets under administration
• Advisory team continues growing momentum as net flows increase
• Top ranking apps[1] and digital technology with expert human advisory services for a hybrid financial planning approach
• Multiple awards recognized by NAPA Advisors for excellence in digital tools and advisory support[2]
	• Broad suite of financial solutions including:
	  • Personalized advisory services,
	  • Investment management,
	  • Individual retirement accounts (IRAs),
	  • Taxable accounts,
	  • High-net-worth wealth management
	• Empower Personal Dashboard™ provides actionable financial insights, portfolio monitoring and planning and market trend information
		• Multi-channel distribution approach through:
		  • Direct-to-consumer engagement through digital platform
		  • Customized advisory services provided by Empower Advisors
		• Integrated equity compensation solutions enabled through the OptionTrax by Empower platform providing solutions for individual and corporate clients

1 NerdWallet, "The Best Budget Apps for 2024," August 2024. ©2024 and TM, NerdWallet, Inc. All Rights Reserved, App Store rating is as of September 2024 and is based upon all ratings and reviews received by Apple App Store®, Investopedia.com, "Best Budgeting Apps of 2024," August 23, 2024.

2 2024 Advisors' Choice Top Recordkeepers. NAPA Advisors' Choice Awards 2024.

Competitive Conditions

Empower Defined Contribution

The employer-sponsored defined contribution market remains intensely competitive, encompassing a broad range of well-established insurance companies, financial service providers, banks, investment advisors, recordkeepers and professional organizations. No single company or small group of competitors dominates the market. Industry consolidation has significantly reduced the number of recordkeepers, creating a more concentrated landscape where scale and operational efficiency drive competitive advantage. Firms are increasingly leveraging advanced technology and data analytics to offer personalized investment solutions and enhance participant engagement as well as integrating financial wellness programs. The Company competes primarily based on its strong brand recognition, industry-leading technology, scalable service offerings and customer-focused solutions. The Company's competitive advantages include its robust recordkeeping capabilities, innovative participant engagement tools and innovative technology, such as personalized dashboards and proprietary retirement readiness scores.

Empower Personal Wealth

The wealth management market continues to be intensely competitive, driven by evolving client preferences and significant technological advancements. The Company's competitors span a broad spectrum including traditional brick and mortar institutions, hybrid and fully digital registered investment advisors, independent advisory firms, broker-dealers, mutual fund companies, insurance companies and banks. While no single competitor dominates the market, several established legacy organizations leverage their size, extensive resources and strong brand recognition. At the same time, innovative new entrants and existing competitors continue to present challenges, often emphasizing technology-driven solutions and tailored customer experiences. Consolidation trends within the industry are reshaping the competitive landscape, as larger players acquire smaller firms to expand capabilities and market share, as well as fintech companies offering low-cost digital solutions. Competition increasingly focuses on key areas such as cutting-edge technology, customer service excellence, sustainable investing options, cost efficiency, brand awareness, investment strategy sophistication and reputation management, including reviews and social media presence.

2024 Developments

- In the United States, on January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton", in exchange for Franklin Templeton common shares, cash, and contingent consideration of up to US$375 million over a five to seven-year period. In the first quarter of 2024, the Company recorded a net loss of $115 million reflecting closing costs as well as a $44 million final gain on sale within discontinued operations. Lifeco retains its controlling interest in PanAgora Asset Management, a leading quantitative asset manager. The Company currently holds approximately 31,600,000 Franklin Templeton shares and has agreed to hold a majority of these shares until at least January 1, 2029. The shares are held at fair value with changes in fair market value flowing through other comprehensive income (OCI).

  In addition to the sale, Lifeco, along with Power Corporation of Canada and Franklin Templeton, entered into a strategic relationship to distribute Franklin Templeton products for the benefit of clients, distribution partners, and shareholders.

- As of June 30, 2024, with the successful completion of system migrations of the full-service retirement services business of Prudential, Empower achieved US$180 million pre-tax run rate synergies following the acquisition on April 1, 2022, consistent with expectations. Revenue synergies of US$20 million were achieved on a run-rate basis by the end of 2024 and are expected to grow to US$50 million by the end of 2026.

  Overall, acquired Prudential retention targets have been exceeded with asset retention of 94% and revenue retention of 86%.

- On September 23, 2024, Empower acquired Plan Management Corporation (PMC), the creator of OptionTrax, a digital equity plan administration and service provider. With the completion of the acquisition, Empower's retirement services expanded to employers who offer equity compensation programs as well as enhanced financial planning services offered through the Empower Personal Wealth business. The acquisition increased Empower's client base by an additional 300 employers with approximately US$62 billion in plan value. The purchase consideration was funded with existing resources and deferred consideration subject to achievement of target growth objectives. Empower expects to incur integration expenses of US$20 million pre-tax and transaction costs of approximately US$1 million pre-tax. The integration is expected to be completed by June of 2026. Empower anticipates realizing revenue synergies through the financial planning services offered through Empower Personal Wealth business. This acquisition is not expected to have a material impact on the Company's financial position.

- During the fourth quarter of 2024, Empower announced an expansion of the suite of retirement income products offered based on partnering with several asset managers and insurance providers to help bolster the choices retirement plan participants have available to them on the Empower platform.

Selected Financial Information - United States

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss) (US$)[1]					
Empower Defined Contribution	$ 207	$ 215	$ 155	$ 769	$ 659
Empower Personal Wealth	47	44	40	168	135
Asset Management	1	(2)	—	(3)	(7)
Corporate	7	7	(2)	39	(38)
Base earnings (loss) (US$)[1]	$ 262	$ 264	$ 193	$ 973	$ 749
Items excluded from base earnings (US$)	(46)	(39)	(51)	(160)	(177)
Net earnings from continuing operations (US$)[2]	$ 216	$ 225	$ 142	$ 813	$ 572
Base earnings (loss) (C$)[1]	$ 367	$ 359	$ 261	$ 1,336	$ 1,006
Net earnings from continuing operations (C$)[2]	$ 304	$ 307	$ 194	$ 1,118	$ 769
Net flows (US$)[2]					
Empower Defined Contribution[3,4]	$ (8,344)	$ (13,746)	$ 8,301	$ (32,866)	$ 11,001
Empower Personal Wealth	3,050	2,363	1,653	8,313	8,519
Asset Management	(466)	(1,495)	(995)	(4,404)	(3,777)
Net flows (US$)[2]	$ (5,760)	$ (12,878)	$ 8,959	$ (28,957)	$ 15,743
Net flows (C$)[2]	$ (8,064)	$ (17,514)	$ 12,184	$ (39,565)	$ 21,370
Fee and other income (US$)					
Empower Defined Contribution	$ 677	$ 655	$ 586	$ 2,591	$ 2,273
Empower Personal Wealth	139	130	109	507	398
Asset Management	22	19	19	85	81
Corporate	—	—	—	3	—
Fee and other income (US$)	$ 838	$ 804	$ 714	$ 3,186	$ 2,752
Fee and other income (C$)	$ 1,174	$ 1,094	$ 970	$ 4,368	$ 3,706
Total assets (US$)	$ 237,676	$ 242,010	$ 229,947		
Continuing operations - other assets under management[2]	98,184	99,756	108,268		
Discontinued operations - other assets under management[2]	—	—	121,478		
Total assets under management[1]	335,860	341,766	459,693		
Other assets under administration[2]	1,491,834	1,503,158	1,270,267		
Total assets under administration (US$)[1]	$ 1,827,694	$ 1,844,924	$ 1,729,960		
Total assets under administration (C$)[1]	$ 2,631,879	$ 2,490,648	$ 2,300,847		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 Results for the three months ended September 30, 2024 and twelve months ended December 31, 2024 do not include US$40.0 billion in transfers related to the Plan Management Corporation (PMC) acquisition.

4 Results for the periods ended December 31, 2024 do not include US$2.5 billion in net outflows related to PMC stock plan services. These outflows primarily represent timing of outflows and inflows that fall in separate quarters based on the nature of the product and are not representative to the Company's ability to attract and retain business. The Company expects outflows in the fourth quarter will be mostly offset by inflows in the first quarter of 2025.

Note: The United States segment does not have a material CSM balance.

Base earnings and net earnings from continuing operations

In the fourth quarter of 2024, net earnings from continuing operations increased by US$74 million to US$216 million compared to the same quarter last year. Base earnings of US$262 million increased by US$69 million in the fourth quarter of 2024 compared to the same quarter last year, primarily due to a significant increase in fee income driven by growth in the business and higher equity markets and lower credit-related impacts on commercial loans when compared to the prior period. These increases were partially offset by higher paid crediting rates resulting in lower spread as well as higher operating expenses attributed to growth in the business in the current year.

Items excluded from base earnings were negative US$46 million in the fourth quarter of 2024 compared to negative US$51 million for the same quarter last year, primarily due to more favourable market experience relative to expectations and the non-recurrence of prior year Prudential integration expenses. These were offset by adjustments to transaction-related expenses and higher guaranty fund assessments in the current quarter.

For the twelve months ended December 31, 2024, net earnings from continuing operations increased by US$241 million to US$813 million compared to the same period last year. Base earnings of US$973 million increased by US$224 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results as well as higher earnings on surplus assets.

For the twelve months ended December 31, 2024, items excluded from base earnings were negative US$160 million compared to negative US$177 million for the same period last year. This improvement was primarily due to the same reasons discussed for the in-quarter results as well as the non-recurrence of a 2023 provision related to Empower's sale of substantially all of its individual life and annuity business in 2019. These were partially offset by unfavourable actuarial assumption changes during the current year.

Net flows

In the fourth quarter of 2024, net outflows were US$5.8 billion, compared to net inflows of US$9.0 billion for the same quarter last year, primarily due to higher participant net redemptions in the current year compared to the same quarter last year. Average account balances of participants have increased due to market growth over the past year, resulting in increased distributions, which have outpaced contributions. The number of participants at the end of the fourth quarter of 2024 has increased from the end of the fourth quarter of 2023 and from the end of the third quarter of 2024.

For the twelve months ended December 31, 2024, net outflows were US$29.0 billion compared to net inflows of US$15.7 billion for the same period last year, primarily due to the same reason discussed for the in-quarter results, in addition to a large plan termination in the first quarter of 2024. Large plan sales and terminations can be highly variable from period to period and tend to result in lower margins but nonetheless contribute to covering fixed overhead costs. The current year period excludes US$40 billion in net transfers related to the PMC acquisition.

Fee and other income

Fee income is derived primarily from assets under management, assets under administration, shareholder servicing fees, administration and recordkeeping services, investment advisory services, investment management fees, performance fees, transfer agency and other service fees as well as underwriting and distribution fees.

Fee and other income for the fourth quarter of 2024 of US$838 million increased by US$124 million compared to the same quarter last year. The increase was primarily due to higher equity market levels and overall growth in the business.

For the twelve months ended December 31, 2024, fee and other income of US$3,186 million increased by US$434 million compared to the same period last year, due to the same reasons discussed for the in-quarter results as well as adjustments related to Prudential fee income.

Empower - Assets under administration (US$)

	Dec. 31 2024	Dec. 31 2023
General account - fixed options	$ 63,130	$ 66,531
Segregated funds - variable options	135,191	131,954
Other assets under management[1]	64,769	75,794
Other assets under administration	1,491,834	1,270,267
Total	$ 1,754,924	$ 1,544,546

1 At December 31, 2024, other assets under management included US$48 million in PanAgora managed funds (US$21.4 billion in Putnam managed funds, including PanAgora managed funds at December 31, 2023).

Empower customer account values at December 31, 2024 of US$1.8 trillion increased by US$210.4 billion compared with December 31, 2023, primarily due to increased market activity as well as increased asset flow within Empower Personal Wealth. These were partially offset by higher participant net redemptions in the current year compared to last year.

Outlook

Refer to Cautionary Note regarding Forward-looking Information and Cautionary Note regarding Non-GAAP Financial Measures and Ratios at the beginning of this document.

Empower Defined Contribution

Empower Defined Contribution is strategically positioned to capitalize on substantial growth opportunities across various plan types, company sizes and market segments. Since accelerating its growth through acquisitions, beginning in 2020, Empower has enhanced its expertise, expanded its capabilities and broadened its product portfolio. Notably, the integration of the Prudential business, acquired in 2022, was completed in the first half of 2024, yielding additional revenue and cost saving synergies.

Looking ahead to 2025, the financial services industry is expected to experience transformative shifts, including increased capital investment and the adoption of advanced technologies, which are expected to drive market growth. Empower is well-prepared to leverage these developments to further enhance its service offerings and operational efficiency. As the second-largest provider in the U.S. defined contribution retirement market, the Company anticipates increased organic growth within Empower Defined Contribution and remains vigilant regarding ongoing consolidation trends in the workplace retirement market. The Company's dedication to innovation, customer-centric services and operational excellence continues to solidify its leading position in the defined contribution marketplace, appealing to a diverse range of plan sponsors and participants, and fostering better retirement outcomes.

Empower Personal Wealth

Empower Personal Wealth launched in the first quarter of 2023 by combining Empower's legacy rollover and brokerage offerings with the acquired capabilities and customers from Personal Capital. It is dedicated to providing retail wealth management to individual investors through its suite of financial solutions including customized advisory services, IRAs, taxable account offerings and high-net-worth wealth management.

In 2025, Empower Personal Wealth will continue to serve its existing customer base while driving growth through a hybrid approach that integrates the expertise of financial advisors with sophisticated digital platforms. Active marketing efforts to promote the Empower brand will complement these initiatives. It will continue to focus on developing and expanding a broad range of product solutions, leveraging the Empower Personal Dashboard and Empower Advisors. Management has identified strategic priorities to achieve organic growth and enhance operational efficiency. These priorities include sustained investment in digital tools to support advisors and clients, modernization of legacy administrative systems and the creation of scalable processes to unlock future business growth. Empower Personal Wealth anticipates realizing revenue synergies through the financial planning and equity compensation solution services offered through OptionTrax by Empower.

By maintaining its commitment to innovation, personalized service and strategic investments in technology and talent, Empower Personal Wealth remains well positioned to deliver meaningful outcomes for its clients and thereby strengthen its competitive position in the market through sustainable growth in 2025 and beyond.

Europe

The Europe segment is comprised of three distinct business units: Workplace Solutions, Individual Wealth & Asset Management and Insurance & Annuities. The segment serves customers in the United Kingdom (U.K.), Ireland and Germany. The Company operates under the Canada Life brand in the U.K. and Germany and under the Irish Life brand in Ireland along with other acquired brands within the broker market in Ireland.

Business Profile

Workplace Solutions

Workplace Solutions consists of group life and health insurance business in the U.K. and Ireland as well as group retirement and employee benefit consulting services in Ireland. These products and services are distributed through employee benefit consultants in the U.K. and independent brokers and a direct sales force in Ireland. Irish Life Health offers individual and corporate health plans, distributed through independent brokers and direct channels. The Company's subsidiary Unio Financial Services (Unio) offers employee benefits consulting services in Ireland through Unio Employment Benefits and represents the amalgamation of three of Ireland's leading employee benefits consulting companies. The Company's subsidiary Cornmarket Group Financial Services Limited is Ireland's largest public sector provider of financial services with approximately 388,000 active policies at the end of 2024.

Individual Wealth & Asset Management

Individual Wealth & Asset Management consists of investments products offered in the U.K., pension, savings, and investment products offered in Ireland and pension products offered in Germany. The core products offered are investments, including life bonds, retirement drawdown and pension. These products are distributed through independent financial advisors, including owned independent financial advisors, a direct sales force, tied agent bank branches and by companies in the Isle of Man selling into the U.K. Canada Life Asset Management (CLAM) is a fund management company managing a broad range of assets on behalf of the U.K. businesses and companies in the Lifeco group. Irish Life Investment Managers (ILIM) is one of the Company's fund management operations in Ireland. In addition to managing assets on behalf of companies in the Lifeco group, ILIM also manages assets for a wide range of institutional clients including pension schemes, insurance companies, wealth managers, fiduciary managers and sovereign wealth funds across Europe and North America. Setanta Asset Management, a subsidiary of the Company also based in Ireland, manages assets for third-party institutional clients and a number of companies in the Lifeco group. The Company's subsidiary, Unio, operates a wealth consultancy business in Ireland, Unio Wealth Management, which results from the amalgamation of four of Ireland's leading wealth management companies.

Insurance & Annuities

Insurance & Annuities consists of bulk and individual payout annuities offered in the U.K. and Ireland, equity release mortgages offered in the U.K., and individual protection insurance offered in Ireland and Germany. These products are distributed through independent brokers and multi-tied agents.

Market Overview

Workplace Solutions

Market Position	Products and Services	Distribution
U.K. • Group life market share 22%[1] • Group income protection market share 13%[1] **Ireland** • Life assurance market share 30%[2] • Group DC schemes market share 40%[3] • Group third largest health insurance business through Irish Health with a market share of 20%[4]	**U.K.** • Group life insurance • Group income protection (disability) • Group critical illness **Ireland** • Group and individual health insurance • Group critical illness • Group risk & pension • Group wealth management services	**U.K.** • Financial advisors • Employee benefit consultants **Ireland** • Independent brokers (including owned brokers) • Pension consultants (including owned pension consultants) • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Direct digital and contact centre

1 As at December 31, 2023.

2 As at September 30, 2024. This is the total Irish Life Assurance share of the Life, Pensions & Investments market.

3 As at December 31, 2024.

4 As at September 30, 2024 based on figures reported by the Health Insurance Authority.

Individual Wealth & Asset Management

Market Position	Products and Services	Distribution
U.K. • A market leading international life company selling into the U.K. market with over 31% market share[1] **Ireland** • ILIM is one of the largest institutional fund managers in Ireland with $195 billion assets under management[2] • Setanta Asset Management has approximately $22 billion of assets under management[2] • Unio is one of Ireland's leading wealth management companies **Germany** • 2.6% share of the broker market[3]	**U.K.** • International bonds • Collective investment funds • Retirement drawdown & pension, onshore bonds (closed to new business) **Ireland** • Individual risk & pensions • Individual wealth management services • Individual savings and investment • Institutional investment management **Germany** • Pensions • Variable annuities (GMWB)	**U.K.** • Financial advisors • Private banks **Ireland** • Independent brokers (including owned brokers) • Pension and investment consultants • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Direct digital and contact centre • Tied bank branch distribution **Germany** • Independent brokers • Multi-tied agents

1 Market share position is based on Acuity U.K. Index Q3 2024.

2 As at December 31, 2024.

3 As at November 30, 2024.

Insurance & Annuities

Market Position	Products and Services	Distribution
U.K. • Payout annuities market share 10% (advisor only)[1] • A leading company in the equity release market with 10% market share[2] **Ireland** • Market leader with total market share of 30%[3] • Number one in individual life insurance with 22% market share[4] • Number one in bulk annuities with over 43% market share[5] **Germany** • 6.8% share of the broker market[6]	**U.K.** • Bulk payout annuities • Individual payout annuities • Fixed term annuities • Equity release mortgages **Ireland** • Individual and bulk payout annuities • Individual protection products **Germany** • Individual life insurance • Income protection (disability) • Critical illness	**U.K.** • Financial advisors • Employee benefit consultants **Ireland** • Independent brokers (including owned brokers) • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Direct digital and contact centre • Tied bank branch distribution **Germany** • Independent brokers • Multi-tied agents

1 Market share based on data for the nine months ended September 30, 2024 through financial advisors, restricted whole market advisors and non-advised distributor.

2 Market share based on Equity Release Council market statistics for the nine months ended September 30, 2024.

3 As at September 30, 2024. This is the total Irish Life Assurance share of the Life, Pensions & Investments market.

4 As at September 30, 2024.

5 As at December 31, 2024.

6 As at November 30, 2024.

Competitive Conditions

Workplace Solutions

In the U.K., Canada Life is one of the largest insurers in the group protection market. The top four participants in this market comprise the majority market share measured by in-force premium. Pricing competition remains high in this market.

Irish Life is the largest life assurance company in Ireland with a market share of 30% as at September 30, 2024. While there are a broad number of domestic and multinational participants, the top three participants have a combined share of the market exceeding 75%.

Irish Life Health is one of the main insurers in the Irish market and provides access to healthcare through its health insurance plans that offers preventative health benefits through a combination of innovative digital and in-person services. During the fourth quarter of 2024, a fourth health insurer launched in the already competitive Irish market with the potential to further increase competition in 2025.

The intermediary division of Irish Life provides employee benefits consultancy to companies in Ireland through Unio Employee Benefits and Cornmarket Group Financial Services. Cornmarket Group is the largest Irish public sector provider of financial services, whereas Unio Employee Benefits operates predominately in the private sector.

Individual Wealth & Asset Management

Canada Life Asset Management (CLAM) is based in the U.K. with approximately $68.6 billion of assets under management, as at December 31, 2024. CLAM's core fund management solutions include a broad asset sourcing capability that supports its institutional client mandates, bulk annuity and reinsurance customers and retail collective funds. CLAM distributes its products through a network of platforms, discretionary fund managers and financial advisors.

ILIM is one of Ireland's largest institutional fund managers with approximately $195 billion of assets under management, as at December 31, 2024. ILIM continues to expand its investment offerings in multi asset, real estate and custom indexed solutions to broaden its environmental, social and governance capabilities, and evolve its asset and liability management capabilities to support bulk annuity services for large defined benefit pension schemes. Setanta Asset Management had approximately $22 billion of assets under management as at December 31, 2024.

The Company has a competitive position among providers of low guarantee unitized products to the German independent intermediary market. The move of insurance companies from traditional German insurance products with guarantees to the unitized lighter guarantee product categories that Canada Life offers continues to increase the level of competition. The Company has enhanced its ongoing product, technology and service offerings to help strengthen its position in the German market.

Within Individual Wealth & Asset Management, the intermediary division of Irish Life provides wealth services to individuals. This is through Unio, which along with an affiliated company, oversees approximately $14 billion of assets on behalf of Workplace and Individual Wealth & Asset Management clients.

Insurance & Annuities

Canada Life in the U.K. has benefited in recent years from an increase in the proportion of customers who are seeking the best price in the open market and buying annuities through financial advisors, which is the Company's primary distribution channel. The Company continues to offer both standard and enhanced annuities for customers wanting to take advantage of pension flexibility. Following the rise of interest rates from historic lows, the market has grown and is highly competitive with new entrants launching their annuity propositions. Despite rates falling in 2024, the appeal of annuity products remains high.

The Company offers bulk annuities aimed at trustees of defined benefits plans who want to insure pension scheme liabilities in payment. This is a large and growing market and the demand from trustees continues to increase as corporate sponsors wish to remove scheme liabilities from the corporate balance sheet. With considerable expertise and experience in longevity and investment products, the Company is well placed in the bulk annuity market. In 2024, the U.K. bulk annuity market saw one insurer exit the market and two new entrants, with another entrant pending regulatory approval. While this will add to market supply, the impact on competition will be limited by the continued strong growth in demand.

Irish Life continues to compete successfully in the Irish protection market through product innovation, broad distribution reach and service offerings. Market share grew to 22% in the fourth quarter of 2024.

Annuity sales in the Irish market, in particular, bulk cases, were slower than expected in 2024. Irish Life competed well in cases that came to market, with an overall market share of 43%. A deferred annuity product is planned to launch in the first half of 2025 which should facilitate increased bulk annuity activity.

The U.K. equity release market continues to experience pressure as consumers remain cautious, and when combined with high interest rates has resulted in the market contracting. The Company is well positioned for further growth in the equity release market and aims to continue to innovate its value proposition despite current market conditions.

2024 Developments

- On January 23, 2024, Canada Life U.K. announced the immediate closure of the Select Account, The Retirement Account, and the Canada Life Trustee Investment Plan to new business, representing less than 1% of its customer base. On December 23, 2024, Canada Life U.K. announced the signing of an agreement to transfer part of this business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Concurrently, the two parties entered into a reinsurance agreement such that the risks and rewards of the underlying business are transferred to Countrywide. The transfer is subject to customary closing conditions including regulatory approvals and is expected to complete by the end of 2025. This decision enables Canada Life U.K. to focus on core lines, including offshore wealth products.
- In Germany, the business completed the migration of all its policies in the first quarter of 2024 onto a new administration platform and is now focused on realizing the benefits from this multi-year technology investment.
- Canada Life U.K. launched several new products in 2024 including Canada Life Home Finance. Canada Life Home Finance launched six new Capital Select products at the start of the second quarter of 2024. This strategic initiative underscores Canada Life U.K.'s dedication to continuous product development and market responsiveness. By introducing lower loan-to-value (LTV) tiers, Canada Life U.K. has successfully unlocked access to new customer segments, supporting clients in achieving their financial goals and further positioning Canada Life at the forefront of the equity release market.
- On October 21, 2024, three Irish Life Health branded ExpressCare Clinics were launched, strengthening Irish Life's market presence. These clinics, already accessible to health customers, are now branded as Irish Life Health Centres, augmenting Irish Life's customer offering in digital healthcare and reinforcing its commitment to integrated healthcare services.
- Canada Life U.K. has significantly developed its bulk annuity proposition and capability in 2024. The U.K. bulk annuities market continues to remain very buoyant as companies seek to de-risk their balance sheets from changes in the value of pension liabilities. The company wrote fourteen bulk annuity transactions in 2024, with all transactions including deferred liabilities, aggregating to $2.3 billion (£1.3 billion). This represented a significant increase on 2023 sales, and a record number of transactions for the Company.
- Canada Life U.K. offshore bonds sales reached $3.6 billion (£2 billion), marking the highest annual sales since inception. This outcome followed the decision to close the onshore bond product to new business in January 2024, allowing for a focus on offshore bonds.
- In 2024, Irish Life won two of the largest public sector risk plans in the market, representing coverage of over 20,000 lives. In addition, new risk business with several large multi-national companies in the finance, medical devices and technology sectors were also secured, all while maintaining a large business retention rate over 96%. Irish Life achieved this success by bringing first-to-market income protection claim innovations, while improving Irish Life's proposition by expanding its early intervention and rehabilitation offerings.

Selected Financial Information - Europe

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]					
Workplace Solutions	$ 68	$ 47	$ 87	$ 226	$ 258
Individual Wealth & Asset Management	52	49	43	188	161
Insurance & Annuities	106	93	91	391	396
Corporate	5	6	(8)	24	(38)
Base earnings (loss)[1]	$ 231	$ 195	$ 213	$ 829	$ 777
Items excluded from base earnings	79	(80)	4	(16)	(393)
Net earnings - common shareholders	$ 310	$ 115	$ 217	$ 813	$ 384
Sales[2]					
Workplace Solutions	$ 356	$ 381	$ 596	$ 1,537	$ 2,343
Individual Wealth & Asset Management	11,505	9,499	6,260	34,709	24,947
Insurance & Annuities	479	1,539	1,216	4,294	3,851
Net cash flows[2]					
Workplace Solutions	$ 131	$ 282	$ 408	$ 969	$ 1,605
Individual Wealth & Asset Management	1,203	3,759	3,388	9,007	7,882
Insurance & Annuities	19	20	30	60	93
Net cash flows[2]	$ 1,353	$ 4,061	$ 3,826	$ 10,036	$ 9,580
Fee and other income					
Workplace Solutions	$ 65	$ 62	$ 49	$ 237	$ 202
Individual Wealth & Asset Management	193	163	151	660	573
Insurance & Annuities and Corporate	3	4	1	18	2
Fee and other income	$ 261	$ 229	$ 201	$ 915	$ 777
Group life and health book premiums[2]	$ 2,671	$ 2,613	$ 2,415		
Total assets	$ 221,329	$ 221,707	$ 194,529		
Other assets under management[2]	81,257	75,679	63,525		
Total assets under management[1]	302,586	297,386	258,054		
Other assets under administration[2,3]	14,153	14,006	12,076		
Total assets under administration[1]	$ 316,739	$ 311,392	$ 270,130		
Contractual service margin					
Insurance & Annuities - Non-Participating	$ 3,664	$ 3,713	$ 3,255		
Individual Wealth & Asset Management - Segregated Funds	1,531	1,564	1,463		
Contractual service margin	$ 5,195	$ 5,277	$ 4,718		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 At December 31, 2024, other assets under administration excludes $19.1 billion of assets managed for other business units within the Lifeco group of companies ($17.8 billion at September 30, 2024 and $12.7 billion at December 31, 2023).

Base and net earnings

In the fourth quarter of 2024, the Europe segment's net earnings of $310 million increased by $93 million compared to the same quarter last year. Base earnings of $231 million increased by $18 million compared to the same quarter last year, primarily due to fee income growth in Ireland driven by strong flows and markets, higher CSM recognized for services provided and higher trading gains in the U.K. compared to the same quarter last year. These items were partially offset by less favourable group protection experience in the U.K. and less favourable health experience in Ireland.

Items excluded from base earnings for the fourth quarter of 2024 were positive $79 million compared to positive $4 million for the same quarter last year. Market experience relative to expectations was positive $46 million compared to negative $60 million for the same quarter last year, primarily due to favourable market experience relative to expectations in the current year compared to the prior year due to increases in risk-free interest rates. Assumption changes and management actions were positive $20 million compared to positive $100 million for the same period last year. Refer to the "Assumption Changes and Management Actions" section of this document for additional details. In addition, business transformation impacts increased by $49 million compared to the same quarter last year. Business transformation impacts of positive $17 million in the fourth quarter of 2024 were primarily related to a gain recorded on the sale of the U.K. onshore bond business. Business transformation impacts in the fourth quarter of 2023 were primarily related to provisions for restructuring costs.

For the twelve months ended December 31, 2024, net earnings of $813 million increased by $429 million compared to the same period last year. Base earnings of $829 million increased by $52 million compared to the same period last year, primarily due to higher CSM recognized for services provided, growth in surplus income and higher fee income. These items were partially offset by less favourable group experience in the U.K., a change to certain tax estimates from the prior year in Germany that did not repeat and a higher effective tax rate due to the implementation of the GMT.

For the twelve months ended December 31, 2024, items excluded from base earnings were negative $16 million compared to negative $393 million for the same period last year. Market experience relative to expectations was positive $19 million compared to negative $243 million for the same period last year, primarily due to the same reason discussed for the in-quarter results. Assumption changes and management actions were negative $33 million compared to positive $67 million for the same period last year. Refer to the "Assumption Changes and Management Actions" section of this document for additional details.

In the fourth quarter of 2024, the impact of GMT was negative $5 million on net earnings and negative $6 million on base earnings.

For the twelve months ended December 31, 2024, the impact of the GMT was negative $33 million on net earnings and negative $38 million on base earnings.

Sales

Individual wealth and asset management sales for the fourth quarter of 2024 of $11,505 million increased by $5,245 million compared to the same quarter last year, primarily due to higher institutional management sales in Ireland driven by client migration and restructuring mandates, strong international bond sales in the U.K. driven by increased market activity and the impact of currency movement. Insurance and annuities sales for the fourth quarter of 2024 of $479 million decreased by $737 million compared to the same quarter last year, primarily due to lower bulk purchase annuity sales and lower individual annuity sales due to pricing competition in the market, partially offset by the impact of currency movement. Workplace Solutions sales for the fourth quarter of 2024 of $356 million decreased by $240 million compared to the same quarter last year, primarily due to lower pension sales in Ireland.

For the twelve months ended December 31, 2024, individual wealth and asset management sales of $34,709 million increased by $9,762 million compared to the same period last year, primarily due to higher institutional management sales in Ireland driven by a large client rebalancing and strategic asset allocation decision as well as the same reasons discussed for the in-quarter results. Insurance and annuities sales for the twelve months ended December 31, 2024 of $4,294 million increased by $443 million compared to the same period last year, primarily due to strong bulk annuity sales and the impact of currency movement, partially offset by lower individual annuity sales. Workplace Solutions sales for the twelve months ended December 31, 2024 of $1,537 million decreased by $806 million compared to the same period last year, primarily due to the same reason discussed as the in-quarter results, partially offset by the impact of currency movement.

Group life and health book premiums

Group life and health book premiums at December 31, 2024 were $2.7 billion, an increase of $58 million compared to September 30, 2024, primarily due to growth of in-force business and new voluntary risk sales in Ireland.

Net cash flows

In the fourth quarter of 2024, net cash inflows were $1.4 billion compared to net cash inflows of $3.8 billion for the same quarter last year. The lower net inflows were primarily due to fund redemptions at ILIM by a subadvisor to tactically rebalance their holdings and lower net inflows in Workplace Solutions driven by reduced pension sales in Ireland in a slower market. These items were partially offset by strong international bond sales from increased market activity in the U.K.

For the twelve months ended December 31, 2024, net cash inflows were $10.0 billion compared to net cash inflows of $9.6 billion for the same period last year. The increase was primarily due to a large client rebalancing and strategic asset allocation decision and the impact of currency movement, partially offset by lower net inflows in Workplace Solutions driven by reduced pension sales in Ireland in a slower market.

Fee and other income

Fee and other income for the fourth quarter of 2024 of $261 million increased by $60 million compared to the same quarter last year. The increase was primarily due to higher management fees from higher average assets under administration as well as a gain recorded in the fourth quarter of 2024 on the sale of the U.K. onshore bond business, which is excluded from base earnings.

For the twelve months ended December 31, 2024, fee and other income of $915 million increased by $138 million compared to the same period last year, primarily due to the same reason discussed for the in-quarter results.

Contractual service margin

At December 31, 2024, total contractual service margin was $5,195 million, an increase of $477 million from December 31, 2023. The increase was primarily due to new business sales, the impact of currency movement and the impact of actuarial assumption changes, partially offset by CSM recognized for services provided. Refer to the "Assumption Changes and Management Actions" section of this document for additional details on the impact of actuarial assumption changes.

Outlook

Refer to Cautionary Note regarding Forward-looking Information and Cautionary Note regarding Non-GAAP Financial Measures and Ratios at the beginning of this document.

Workplace Solutions

- In 2025, Canada Life U.K.'s group protection business will focus on enhancing propositions and gaining efficiencies through technology to facilitate continued growth in premium income. Development of the WeCare support service and expanding WeCare access to all insured employees is expected to improve positioning against market competition. Continued development and automation of some administrative processes will support efficient growth in our target small and medium-sized enterprises sector.

- In 2025, Irish Life will focus on developing a fully integrated corporate engagement strategy to maximize the effectiveness of our strong corporate relationships, ensure we maintain our pension, risk and health propositions and continue the journey of integrating its wealth and employee benefits consulting businesses. Through the development of the fully integrated corporate engagement strategy, this will support maximizing the impact of the Irish Life brand and continue to grow both the number of relationships and the depth of these relationships. Irish Life offers a broad level of solutions to corporate clients in the pension, protection, wealth and health spaces ahead of what is customary in these markets.

Individual Wealth & Asset Management

- In 2025, Canada Life U.K. will focus on maintaining its position as the market leader in the single premium international investment bond marketplace. Our distribution strategy for wealth will remain focused on financial advisors and maintaining its relationships with institutional partners. We aim to hold our current market leading position. Our success has been driven by breadth and depth of the product range, features and investment options, jurisdictional choice, service, technical support, and relationship excellence, as well as competitive pricing. Consolidation has reduced the number of major providers in the market which presents the Company with an opportunity to grow its market share further.

- In 2025, Irish Life will continue to grow the Unio Wealth Management brand while seeking to maintain its market leading positions in asset management in the areas of sustainability and product innovation. Irish Life plans to launch an intermediary platform in 2025 offering innovative product solutions, data insights and administration efficiencies to the Irish broker market.

- In 2025, Canada Life in Germany will focus on growth and diversification in products and services, efficiency through automation using technology and artificial intelligence partnerships and enhancing the experience of the independent financial advisor and customer using digital applications. Occupational pensions are a major growth theme in Germany and the Company intends to use its franchise and technologies to add value to small and medium-size business segments where there is significant pension under coverage in Germany. The Company has been successful in building a presence in the pensions market by leveraging its unitized with profits (UWP) competency and in 2025, will continue to explore alternative solutions that are less capital intensive while still meeting customer and advisor needs.

Insurance & Annuities

- In 2025, both Canada Life U.K. and Irish Life will focus on maintaining share of the retail payout annuities market while investing in customer service systems. In 2024, rapid growth in the retail payout annuities market was driven by improved payout rates and consumers seeking a guaranteed income. Canada Life U.K. expects that interest in retail annuities will remain high as interest rates persist at a higher level than in the recent past, while overall retirement market demand will continue to grow as retiree finances increasingly reflect historic employer provision shifts from defined benefit to defined contribution plans.

- The Company will continue to further develop its offerings and capability in the bulk annuity market in 2025, extending the offering across a wider range of the market. Medium-term demand is expected to remain strong in this market as scheme funding ratios mean de-risking is accessible for a higher proportion of schemes than in previous years.

  At Irish Life, product development on deferred annuity product continues in line with expectations. This is an important offering to expand footprint in the bulk annuity market and aligns with the Company's strategic plans and is key to stabilizing CSM.

- The outlook for both U.K. gilt prices and property prices remains uncertain over the short-term, however, demand for equity release mortgage products is expected to increase given growing customer needs to meet living costs, consolidate debt and manage mortgage debt carried into later life.

- In 2025, Irish Life will continue to digitalize and expand its advice services to 1.6 million customers and its advice partners.
- In the Irish life and health insurance markets, competition is expected to grow in 2025, as a new health insurer launched into the Irish health market in the fourth quarter of 2024, bringing the number of key players to four. To date, policyholder behaviour experience has remained resilient to the competitive threat. Defensive strategies are being deployed to strengthen the competitive position, including a new partnership with Affidea on Irish Life Health branded clinics which went live in the fourth quarter of 2024.
- In 2025, Canada Life in Germany will continue to develop its data and customer facing digital capabilities and will grow its customer portal further to make it easier for customers to access their plan information. The Company will also continue its deployment of automation across the customer journey with the use of AI supported technologies. Through its associated investment in a broker consolidator in Germany, the Company will continue to explore opportunities across the country to acquire brokerages that would generate accretive value to the existing business.

Capital and Risk Solutions

The Capital and Risk Solutions segment includes Lifeco's reinsurance business and an allocation of a portion of Lifeco's corporate results. Capital and Risk Solutions also includes the results for the Company's legacy international businesses.

At Lifeco, the Capital and Risk Solutions offerings are generally included in the Insurance & Risk Solutions value driver. The segment's surplus earnings and an allocation of corporate capital are included in Corporate.

Business Profile

Reinsurance

Reinsurance provides capital and risk solutions and operates primarily in the U.S., Barbados, Bermuda and Ireland. In the U.S., the reinsurance business operates through a branch of Canada Life. In Barbados, the reinsurance business operates primarily through a branch of Canada Life and subsidiaries of Canada Life. In Bermuda and Ireland, the reinsurance business operates through a subsidiary of Canada Life.

The Company’s business includes both reinsurance and retrocession business transacted directly with clients or through reinsurance brokers. As a retrocessionaire, the Company provides reinsurance to other reinsurers to enable those companies to manage their insurance risk. The product portfolio offered by the Company includes life, health, annuity/longevity, mortgage surety and property catastrophe reinsurance, provided on both a proportional and non-proportional basis.

In addition to providing reinsurance products to third parties, the Company also utilizes the same structures on internal reinsurance transactions between companies in the Lifeco group. These transactions are undertaken to better manage insurance risks relating to retention, volatility and concentration; and to facilitate capital management for the Company, its subsidiaries and branch operations. These internal reinsurance transactions produce benefits that are reflected in one or more of the Company’s other business units.

Market Overview

Reinsurance

Market Position	Products and Services	Distribution
• Largest group life reinsurer and 6th largest individual life reinsurer in the U.S. by in force volumes[1] • Leading provider of structured reinsurance solutions in the U.S. and Europe markets • Leading provider of U.K. and European longevity reinsurance • Long-standing provider of a range of property and casualty catastrophe retrocession coverages	**Life, Health and Annuity** • Yearly renewable term • Co-insurance • Modified co-insurance • Risk & capital management solutions **Longevity** • Longevity swaps • Capital management solutions **Mortgage and Surety Reinsurance** • Stop loss and quota share **Property and Casualty** • Catastrophe retrocession • Capital management solutions **Funded Reinsurance** • Coinsurance of life and annuity blocks with assets	• Independent reinsurance brokers • Direct placements

[1] As at December 31, 2023.

Competitive Conditions

In the U.S. life reinsurance market, insurers continue to view reinsurance as an important tool for risk and capital management. Several competitors are now focusing on growing their market share, which has resulted in increased competition. Nevertheless, a biennial independent industry survey released in November 2023 confirmed that the Company remains one of the top two providers of risk and capital management solutions in the U.S. market. The Company's financial strength and ability to offer risk and capital solutions and traditional mortality reinsurance continues to be a competitive advantage.

In Europe, Solvency II dominates the regulatory landscape and interest in reinsurance solutions that produce capital benefits continues to grow. Demand for longevity reinsurance remains strong in the U.K., the Netherlands and other continental European countries. As a result, there are now more reinsurers participating in the European market.

The Company's main competitors include other large reinsurance companies primarily in North America and Europe.

2024 Developments

- The Capital and Risk Solutions segment continued to grow by providing tailored solutions to customers while increasing diversification within the portfolio. In 2024, the Capital and Risk Solutions segment continued to expand its international presence in targeted new markets, while continuing to focus on core markets and product expansion in Europe and the U.S. During 2024, the Company had a strong new business year, completing a number of transactions with continued growth in the structured business. Of note, the Company's geographic expansion included two structured transactions in Australia and the asset intensive business grew with two transactions signed in the fourth quarter of 2024.
- The Company offers property catastrophe coverage to reinsurance companies and as a result, the Company is exposed to potential claims arising from major weather events and other catastrophic events, primarily hurricanes, windstorms and earthquakes. Current preliminary estimates of industry losses arising from catastrophe events during 2024 do not reach the level where any significant claims would be anticipated. In addition, the Company continues to monitor potential impacts of recent geopolitical conflicts, which are not expected to have a material effect on results.
- The impacts of wildfires in California which occurred in January 2025, subsequent to 2024 year-end, are under review and the Company estimates the maximum possible loss on property catastrophe retrocession contracts at $100 million, however does not expect claims to reach this maximum loss level. This estimated maximum loss is based on our contract terms and current public reports regarding the fires. The actual impact will be dependent on a number of factors, many of which are still to be determined, including total insured losses and whether the wildfires are considered more than a single loss event. The Company will continue to assess the impact as more information is available and any provision will be determined as part of the Company's 2025 financial results.

Selected Financial Information - Capital and Risk Solutions

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]					
Reinsurance	$ 211	$ 200	$ 232	$ 790	$ 778
Corporate	12	10	4	28	16
Base earnings (loss)[1]	$ 223	$ 210	$ 236	$ 818	$ 794
Items excluded from base earnings	(29)	(201)	(21)	(200)	39
Net earnings - common shareholders	$ 194	$ 9	$ 215	$ 618	$ 833
Total assets[2]	$ 11,708	$ 9,302	$ 9,088		
Contractual service margin					
Reinsurance - Non-Participating	$ 2,436	$ 2,284	$ 1,745		
Reinsurance - Participating	1	1	24		
Contractual service margin	$ 2,437	$ 2,285	$ 1,769		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 The Capital and Risk Solutions segment does not have assets under management or other assets under administration.

Base and net earnings

In the fourth quarter of 2024, the Capital and Risk Solutions segment's net earnings of $194 million decreased by $21 million compared to the same quarter last year. Base earnings of $223 million decreased by $13 million compared to the same quarter last year as business growth, favourable claims experience in the U.S. life business and higher earnings on surplus were offset by the impact of the GMT and favourable property catastrophe claims experience in 2023 which did not recur.

Items excluded from base earnings for the fourth quarter of 2024 were negative $29 million compared to negative $21 million for the same quarter last year, primarily due to interest rate movements relative to expectations.

For the twelve months ended December 31, 2024, net earnings of $618 million decreased by $215 million compared to the same period last year. Base earnings of $818 million increased by $24 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

For the twelve months ended December 31, 2024, items excluded from base earnings were negative $200 million compared to positive $39 million for the same period last year, primarily due to the impact of assumption changes in the third quarter of 2024 as well as the impact of markets. Refer to the "Assumption Changes and Management Actions" section of this document for additional details.

In the fourth quarter of 2024, the impact of GMT was negative $18 million on net earnings and negative $24 million on base earnings, primarily related to operations in Barbados.

For the twelve months ended December 31, 2024, the impact of the GMT was negative $78 million on net earnings and negative $101 million on base earnings, primarily related to operations in Barbados.

Contractual service margin

At December 31, 2024, total contractual service margin was $2,437 million, an increase of $668 million from December 31, 2023. The increase was primarily due to the impact of actuarial assumption changes, new business and currency movement, partially offset by CSM recognized for services provided. Refer to the "Assumption Changes and Management Actions" section of this document for additional details on the impact of actuarial assumption changes.

Outlook

Refer to Cautionary Note regarding Forward-looking Information and Cautionary Note regarding Non-GAAP Financial Measures and Ratios at the beginning of this document.

Reinsurance

The U.S. health individual market continues to create expanded opportunities for reinsurance.

The Company's reinsurance business unit continues to help its clients and other affiliated companies meet capital challenges through innovative reinsurance solutions. Demand for structured reinsurance remains strong and will remain a focus for 2025.

Internationally, Canada Life continues to explore opportunities where the Company's reinsurance solutions can support clients in new geographies and execute a number of value generating transactions. Measured international expansion will remain a focus in 2025.

2024 was another very active year for hurricanes with two significant events in Florida, neither of which caused any loss activity for the portfolio. The Company expects property retrocessional pricing to reduce somewhat in 2025 due to the lack of major loss activity in the past two years. The Company's primary focus in the property catastrophe market for 2025 will be to continue to support the core client base with prudent attachment levels, restricted territorial scope and risk adjusted premiums.

Lifeco Corporate

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

Selected Financial Information - Lifeco Corporate

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)[1]	$ (27)	$ (20)	$ (40)	$ (53)	$ (68)
Items excluded from base earnings	(1)	(12)	(9)	31	(17)
Net earnings (loss) - common shareholders	$ (28)	$ (32)	$ (49)	$ (22)	$ (85)

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

In the fourth quarter of 2024, Lifeco Corporate had a net loss of $28 million compared to a net loss of $49 million for the same period last year. Base loss of $27 million decreased by $13 million compared to the same quarter last year, primarily due to higher net investment income.

Items excluded from base earnings for the fourth quarter of 2024 were negative $1 million compared to negative $9 million for the same quarter last year, primarily due to less unfavourable market experience relative to expectations.

For the twelve months ended December 31, 2024, Lifeco Corporate had a net loss of $22 million compared to a net loss of $85 million for the same period last year. Base loss of $53 million decreased by $15 million compared to the same period last year, primarily due to the same reason discussed for the in-quarter results, partially offset by higher operating expenses.

For the twelve months ended December 31, 2024, items excluded from base earnings were positive $31 million compared to negative $17 million for the same period last year. The increase was primarily due to the finalization of a prior year reinsurance recapture transaction in the second quarter of 2024 and less unfavourable market experience relative to expectations.

Consolidated Financial Position

Assets

Assets under administration[1]

	Canada	United States	Europe	Capital and Risk Solutions	Total
As at December 31, 2024					
Assets					
Invested assets	$ 98,262	$ 89,768	$ 44,321	$ 11,434	$ 243,785
Insurance contract assets	434	335	353	71	1,193
Reinsurance contract held assets	1,216	12,756	3,746	124	17,842
Goodwill and intangible assets	6,645	6,667	3,074	—	16,386
Other assets	5,769	16,741	3,982	79	26,571
Investments on account of segregated fund policyholders	114,547	215,986	165,853	—	496,386
Total assets	226,873	342,253	221,329	11,708	802,163
Other assets under management[2]	14,600	141,385	81,257	—	237,242
Total assets under management[1]	241,473	483,638	302,586	11,708	1,039,405
Other assets under administration[2]	64,499	2,148,241	14,153	—	2,226,893
Total assets under administration[1]	$ 305,972	$ 2,631,879	$ 316,739	$ 11,708	$ 3,266,298
As at December 31, 2023					
Assets					
Invested assets	$ 89,382	$ 86,715	$ 41,981	$ 8,732	$ 226,810
Insurance contract assets	400	291	331	171	1,193
Reinsurance contract held assets	1,243	12,243	3,713	133	17,332
Goodwill and intangible assets	6,545	6,151	3,037	—	15,733
Other assets	4,964	16,192	3,531	52	24,739
Assets held for sale[3]	—	4,467	—	—	4,467
Investments on account of segregated fund policyholders	101,250	179,770	141,936	—	422,956
Total assets	203,784	305,829	194,529	9,088	713,230
Continuing operations - other assets under management[2]	13,056	143,997	63,525	—	220,578
Discontinued operations - other assets under management[2,4]	—	161,566	—	—	161,566
Total assets under management[1]	216,840	611,392	258,054	9,088	1,095,374
Other assets under administration[2]	55,635	1,689,455	12,076	—	1,757,166
Total assets under administration[1]	$ 272,475	$ 2,300,847	$ 270,130	$ 9,088	$ 2,852,540

[1] This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

[2] Refer to the "Glossary" section of this document for additional details on the composition of this measure.

[3] On May 31, 2023, Lifeco announced an agreement to sell Putnam Investments to Franklin Templeton. Beginning Q2 2023, the related assets were classified as assets held for sale. The transaction closed on January 1, 2024.

[4] At Q4 2023, other assets under management related to Putnam Investments were classified as discontinued operations - other assets under management.

Total assets under administration at December 31, 2024 exceeded $3.2 trillion, increasing by $413.8 billion compared to December 31, 2023, primarily due to the impact of currency and market movements in the U.S. segment, partially offset by the divestiture of Putnam Investments.

Invested Assets

The Company manages its general fund assets to support the cash flow, liquidity and profitability requirements of the Company's insurance and investment products. The Company's investment policies are designed to be prudent and conservative, so that assets are not unduly exposed to concentration, credit or market risks. Within the framework of the Company's policies, the Company implements strategies and reviews and adjusts them on an ongoing basis considering liability cash flows and capital market conditions. The majority of investments of the general fund are in medium-term and long-term fixed-income investments, primarily bonds and mortgages, reflecting the characteristics of the Company's liabilities.

Invested asset distribution

	Canada	United States	Europe	Capital and Risk Solutions	Total	
As at December 31, 2024						
Bonds						
Government & related	$ 20,776	$ 5,021	$ 14,718	$ 4,927	$ 45,442	19 %
Corporate & other	38,460	61,211	16,993	5,008	121,672	50
Sub-total bonds	59,236	66,232	31,711	9,935	167,114	69
Mortgages	16,925	13,819	7,358	777	38,879	16
Stocks	14,489	3,712	625	—	18,826	8
Investment properties	6,128	22	2,107	—	8,257	3
Sub-total portfolio investments	96,778	83,785	41,801	10,712	233,076	96
Cash and cash equivalents	1,484	5,983	2,520	722	10,709	4
Total invested assets	$ 98,262	$ 89,768	$ 44,321	$ 11,434	$ 243,785	100 %
As at December 31, 2023						
Bonds						
Government & related	$ 17,951	$ 6,188	$ 15,282	$ 3,307	$ 42,728	19 %
Corporate & other	34,793	60,430	14,809	4,291	114,323	50
Sub-total bonds	52,744	66,618	30,091	7,598	157,051	69
Mortgages	16,744	14,321	6,707	642	38,414	17
Stocks	13,140	1,889	704	—	15,733	7
Investment properties	5,543	21	2,306	—	7,870	4
Sub-total portfolio investments	88,171	82,849	39,808	8,240	219,068	97
Cash and cash equivalents	1,211	3,866	2,173	492	7,742	3
Total invested assets	$ 89,382	$ 86,715	$ 41,981	$ 8,732	$ 226,810	100 %

At December 31, 2024, total invested assets were $243.8 billion, an increase of $17.0 billion from December 31, 2023. The increase in invested assets was primarily due to an increase in fair values of bonds resulting from a decrease in bond yields in Canada, an increase in private equity investments due to purchases and market value increases, and the impact of currency movement. The distribution of assets has not changed significantly and remains heavily weighted to bonds and mortgages.

Bond portfolio

It is the Company's policy to acquire primarily investment grade bonds subject to prudent and well-defined investment policies. Modest investments in below investment grade rated securities may occur while not changing the overall discipline and conservative approach to the investment strategy. The total bond portfolio, including short-term investments, was $167.1 billion or 69% of invested assets at December 31, 2024 compared to $157.1 billion or 69% at December 31, 2023. The increase in the bond portfolio was primarily due to an increase in fair values resulting from a decrease in bond yields in Canada. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 70% rated A or higher.

Bond credit ratings reflect bond rating agency activity up to December 31, 2024. Management continues to closely monitor bond rating agency activity and general market conditions.

Bond portfolio quality

	As at December 31, 2024		As at December 31, 2023	
AAA	$ 24,462	15 %	$ 24,298	15 %
AA	32,310	19	31,435	20
A	60,041	36	54,807	35
BBB	47,936	29	44,811	29
BB or lower	2,365	1	1,700	1
Total	$ 167,114	100 %	$ 157,051	100 %

The following table provides details of the carrying value of the bonds by industry sector:

	As at December 31, 2024		As at December 31, 2023	
Bonds issued or guaranteed by:				
Treasuries	$ 16,159	10 %	$ 14,853	10 %
Government related	28,029	17	26,626	17
Agency securitized	1,254	1	1,249	1
Non-agency securitized	16,811	10	17,178	11
Financials	24,057	15	23,178	15
Communications	4,002	2	3,669	2
Consumer products	18,403	11	17,296	11
Energy	7,044	4	6,520	4
Industrials	12,452	7	11,781	8
Technology	5,628	3	5,127	3
Transportation	7,498	5	6,806	4
Utilities	25,777	15	22,768	14
Total	$ 167,114	100 %	$ 157,051	100 %

At December 31, 2024, total bonds were $167.1 billion compared to $157.1 billion at December 31, 2023. The increase was primarily due to an increase in the utilities, government related and consumer products industry sectors driven by an increase in fair values resulting from a decrease in bond yields in Canada.

Mortgage portfolio

It is the Company's practice to acquire high quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans. The majority of the commercial mortgages held in the Europe segment are classified as amortized cost and therefore there are no fair value movements recorded on these holdings. Equity release mortgages are originated in the Europe segment following well-defined lending criteria and held in the Canada, Europe and Capital and Risk Solutions segments. Equity release mortgages are loans provided to people who want to continue living in their homes while accessing some of the underlying equity value in their homes. Loans are typically repaid when the borrower dies or moves into long-term care.

	As at December 31, 2024				As at December 31, 2023	
Mortgage loans by type	Insured[1]	Non-insured	Total		Total	
Single family residential	$ 251	$ 974	$ 1,225	3 %	$ 1,511	4 %
Multi-family residential	2,539	7,029	9,568	25	9,372	24
Equity release	—	4,818	4,818	12	4,203	11
Commercial	—	23,268	23,268	60	23,328	61
Total	$ 2,790	$ 36,089	$ 38,879	100 %	$ 38,414	100 %

1 Insured mortgages include mortgages where insurance is provided by a third party and protects the Company in the event that the borrower is unable to fulfill their mortgage obligations.

The total mortgage portfolio was $38.9 billion or 16% of invested assets at December 31, 2024, compared to $38.4 billion or 17% of invested assets at December 31, 2023. At December 31, 2024, total insured loans were $2.8 billion or 7% of the mortgage portfolio, compared to $2.9 billion or 8% at December 31, 2023.

Commercial mortgages

	Canada					
	Par	Non-Par	U.S.	Europe	Capital and Risk Solutions	Total
As at December 31, 2024						
Retail & shopping centres	$ 2,969	$ 846	$ 792	$ 1,142	$ 31	$ 5,780
Industrial	3,037	950	5,377	982	88	10,434
Office buildings	990	384	2,505	1,148	19	5,046
Other	32	20	1,080	861	15	2,008
Total	$ 7,028	$ 2,200	$ 9,754	$ 4,133	$ 153	$ 23,268
As at December 31, 2023						
Retail & shopping centres	$ 2,715	$ 774	$ 964	$ 1,097	$ 27	$ 5,577
Industrial	2,970	1,047	5,794	835	69	10,715
Office buildings	1,027	366	2,467	1,161	29	5,050
Other	32	24	1,151	757	22	1,986
Total	$ 6,744	$ 2,211	$ 10,376	$ 3,850	$ 147	$ 23,328

Throughout 2024, commercial real estate markets in Europe and North America showed signs of slowdown. In particular, the office markets are experiencing dampened demand from a continued delay faced by employers on return-to-office plans, leading to higher vacancy rates and deteriorating operating performance, driven as well by challenging economic and capital market conditions. This has resulted in certain valuation reductions for the underlying office properties in 2024 reflecting the current outlook. The Company is monitoring and will work proactively with borrowers to manage exposures. It is the Company's practice to acquire high-quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans.

Expected credit losses

Expected credit loss (ECL) allowances are recognized on all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI. The Company measures ECL allowances at either 12-month for stage 1 performing financial assets or lifetime ECL for stage 2 performing financial assets and stage 3 impaired financial assets. Refer to the "Summary of Critical Accounting Estimates" section of this document and in note 2 of the Company's December 31, 2024 annual consolidated financial statements for additional details on ECL measurement and presentation. Carrying values of assets subject to ECL allowance and corresponding allowances for ECL are shown below.

At December 31, 2024, the total allowance for credit losses recognized was $33 million compared to $37 million at December 31, 2023. The decrease in total allowance for credit losses was primarily due to remeasurement of stage 2 commercial mortgages in the UK division.

Equity portfolio

The total equity portfolio was $27.1 billion or 11% of invested assets at December 31, 2024 compared to $23.6 billion or 10% of invested assets at December 31, 2023. The equity portfolio consists of publicly traded stocks, privately held stocks and investment properties. The increase in publicly traded stocks of $1.1 billion and the increase in privately held stocks of $2.0 billion were primarily due to purchases, market value increases as well as the Franklin Templeton common shares received on the sale of Putnam. The increase in investment properties of $0.4 billion was mainly the result of market value increases.

	Canada					
	Par	Non-Par	U.S.	Europe	Total	
As at December 31, 2024						
Equity portfolio by type[1]						
Publicly traded stocks	$ 8,536	$ 2,498	$ 1,309	$ 357	$ 12,700	47 %
Privately held stocks	1,977	1,478	2,403	268	6,126	23
Sub-total	10,513	3,976	3,712	625	18,826	70
Investment properties	5,164	964	22	2,107	8,257	30
Total	$ 15,677	$ 4,940	$ 3,734	$ 2,732	$ 27,083	100 %
As at December 31, 2023						
Equity portfolio by type						
Publicly traded stocks	$ 7,951	$ 2,808	$ 375	$ 465	$ 11,599	49 %
Privately held stocks	1,306	1,075	1,514	239	4,134	18
Sub-total	9,257	3,883	1,889	704	15,733	67
Investment properties	4,615	928	21	2,306	7,870	33
Total	$ 13,872	$ 4,811	$ 1,910	$ 3,010	$ 23,603	100 %

Investment properties[1]

	Canada					
	Par	Non-Par	U.S.	Europe	Total	
As at December 31, 2024						
Industrial	$ 2,016	$ 287	$ —	$ 673	$ 2,976	36 %
Office buildings	933	164	22	510	1,629	20
Retail	184	24	—	632	840	10
Other	2,031	489	—	292	2,812	34
Total	$ 5,164	$ 964	$ 22	$ 2,107	$ 8,257	100 %
As at December 31, 2023						
Industrial	$ 1,906	$ 271	$ —	$ 847	$ 3,024	38 %
Office buildings	973	159	21	508	1,661	21
Retail	181	24	—	625	830	11
Other	1,555	474	—	326	2,355	30
Total	$ 4,615	$ 928	$ 21	$ 2,306	$ 7,870	100 %

[1] The Capital and Risk Solutions segment does not hold any publicly traded stocks, privately held stocks or investment properties.

Throughout 2024, commercial real estate markets in Europe and North America showed signs of slowdown. In particular, the office markets are experiencing dampened demand from a continued delay faced by employers on return-to-office plans, leading to higher vacancy rates and deteriorating operating performance, driven as well by challenging economic and capital market conditions. This has resulted in certain valuation reductions in 2024 reflecting the current outlook for office properties. As market conditions evolve, the Company may be required to apply further valuation reductions.

Derivative Financial Instruments

During the fourth quarter of 2024, there were no major changes to the Company's policies and procedures with respect to the use of derivative financial instruments. The Company's derivative transactions are generally governed by the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, which provide for legally enforceable set-off and close-out netting of exposure to specific counterparties in the event of an early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from a counterparty against payables to the same counterparty, in the same legal entity, arising out of all included transactions. The Company's ISDA Master Agreement may include Credit Support Annex provisions, which require both the pledging and accepting of collateral in connection with its derivative transactions.

At December 31, 2024, total financial collateral, including initial margin and overcollateralization, received on derivative assets was $1.7 billion ($1.7 billion at December 31, 2023) and pledged on derivative liabilities was $2.1 billion ($0.8 billion at December 31, 2023). Collateral pledged on derivatives liabilities increased in 2024, primarily driven by the impact of the U.S. dollar strengthening against the Canadian dollar on cross-currency swaps that pay U.S. and receive Canadian dollars. Collateral received on derivative assets increased due to Initial Margin requirements.

During the twelve month period ended December 31, 2024, the outstanding notional amount of derivative contracts increased by $11.2 billion to $63.1 billion, primarily due to increases in volume of regular hedging activities.

The Company’s exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, increased to $2.4 billion at December 31, 2024 from $2.2 billion at December 31, 2023. The increase was primarily driven by the impact of the U.S. dollar strengthening against the Euro and Pound on cross-currency swaps that receive U.S. dollars and pay Euro or Pounds. There were no changes to derivative counterparty ratings during the fourth quarter of 2024 and all had investment grade ratings as of December 31, 2024.

Goodwill and Intangible Assets

	As at December 31	
	2024	2023
Goodwill	$ 11,428	$ 11,249
Indefinite life intangible assets	1,414	1,269
Finite life intangible assets	3,544	3,215
Total	$ 16,386	$ 15,733

The Company's goodwill and intangible assets relate primarily to business acquisitions made by the Company. Goodwill and intangible assets of $16.4 billion at December 31, 2024 increased by $0.7 billion compared to December 31, 2023. Goodwill increased by $0.2 billion, primarily due to the impact of currency movement, partially offset by the re-allocation of goodwill to intangible assets arising from the comprehensive valuation performed in the third quarter of 2024 of the fair value of the net assets acquired and purchase price allocation of IPC and Value Partners. Indefinite life intangible assets increased by $0.1 billion and finite life intangible assets increased by $0.3 billion, primarily due to the same reasons discussed for goodwill.

IFRS principles require the Company to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to perform an impairment test on goodwill and indefinite life intangible assets at least annually or more frequently if events indicate that impairment may have occurred. Intangible assets that were previously impaired are reviewed at each reporting date for evidence of reversal. Finite life intangible assets are reviewed annually to determine if there are indications of impairment and assess whether the amortization periods and methods are appropriate. In the fourth quarter of 2024, the Company conducted its annual impairment testing of goodwill and intangible assets based on September 30, 2024 asset balances. It was determined that the recoverable amounts of cash generating unit (CGU) groupings for goodwill and CGUs for intangible assets were in excess of their carrying values and there was no evidence of impairment. Recoverable amount is based on fair value less cost of disposal.

Refer to note 9 in the Company's December 31, 2024 annual consolidated financial statements for further details of the Company's goodwill and intangible assets. Also, refer to the "Summary of Critical Accounting Estimates" section of this document for details on impairment testing of these assets.

Other General Fund Assets

	As at December 31	
	2024	2023
Other assets	$ 15,265	$ 14,483
Accounts and interest receivable	5,402	4,863
Deferred tax assets	2,066	1,848
Derivative financial instruments	2,431	2,219
Owner occupied properties	789	731
Fixed assets	346	335
Current income taxes	272	260
Total	$ 26,571	$ 24,739

Total other general fund assets at December 31, 2024 were $26.6 billion, an increase of $1.8 billion from December 31, 2023. The increase was primarily due to an increase of $0.8 billion in other assets driven by trading account assets and finance leases receivable, an increase of $0.5 billion in accounts and interest receivable and an increase of $0.2 billion in deferred tax assets.

Other assets comprise several items including prepaid expenses and accounts receivable. Refer to note 11 in the Company's December 31, 2024 annual consolidated financial statements for a breakdown of other assets.

Investments on Account of Segregated Fund Policyholders

	As at December 31	
	2024	2023
Stock and units in unit trusts	$ 154,439	$ 130,415
Mutual funds	232,073	188,549
Bonds	74,444	72,111
Investment properties	11,317	12,071
Cash and other	15,948	11,718
Mortgage loans	2,083	2,022
Sub-total	$ 490,304	$ 416,886
Non-controlling mutual funds interest	6,082	6,070
Total	$ 496,386	$ 422,956

Investments on account of segregated fund policyholders, which are measured at fair value, increased by $73.4 billion to $496.4 billion at December 31, 2024 compared to December 31, 2023. The increase was primarily due to the combined impact of market value gains and investment income of $53.5 billion related to net unrealized capital gains on investments as well as the impact of currency movement of $21.2 billion, partially offset by net withdrawals of $1.3 billion.

Liabilities

Total Liabilities

	As at December 31	
	2024	2023
Insurance contract liabilities	$ 155,683	$ 144,388
Reinsurance contract held liabilities	795	648
Investment contract liabilities	90,157	88,919
Other general fund liabilities	26,488	24,061
Liabilities held for sale[1]	—	2,407
Insurance contracts on account of segregated fund policyholders	66,343	60,302
Investment contracts on account of segregated fund policyholders	430,043	362,654
Total	$ 769,509	$ 683,379

1 On May 31, 2023, Lifeco announced an agreement to sell Putnam Investments to Franklin Templeton. Beginning Q2 2023, the related liabilities were classified as liabilities held for sale. The transaction closed on January 1, 2024.

Total liabilities increased by $86.1 billion to $769.5 billion at December 31, 2024 from December 31, 2023.

Insurance contract liabilities increased by $11.3 billion. The increase was primarily due to market movements and the impact of currency movements.

Investment contract liabilities increased by $1.2 billion. The increase was primarily due to the impact of currency movements and market movements, partially offset by normal business movements.

Other general fund liabilities increased by $2.4 billion. The increase was primarily due to increases in derivative financial instruments and other liabilities.

Investment and insurance contracts on account of segregated fund policyholders increased by $73.4 billion, primarily due to the combined impact of market value gains and investment income of $53.5 billion and the positive impact of currency movement of $21.2 billion.

Insurance and investment contract liabilities represent the amounts that, together with estimated future premiums and investment income, will be sufficient to pay estimated future benefits, dividends and expenses on policies in-force. Insurance and investment contract liabilities are determined using generally accepted actuarial practices, according to standards established by the Canadian Institute of Actuaries. Also, refer to the "Summary of Critical Accounting Estimates" section of this document for details on impairment testing of these assets.

Assets supporting insurance and investment contract liabilities

		Non-Participating				
	Participating Account	Canada	United States	Europe	Capital and Risk Solutions	Total
As at December 31, 2024						
Bonds	$ 32,098	$ 22,522	$ 53,869	$ 27,228	$ 6,716	$ 142,433
Mortgage loans	12,551	4,085	11,483	7,359	751	36,229
Stocks	10,914	2,698	2,011	396	—	16,019
Investment properties	4,645	728	—	1,909	—	7,282
Other assets[1]	1,870	4,974	31,651	5,382	—	43,877
Total	$ 62,078	$ 35,007	$ 99,014	$ 42,274	$ 7,467	$ 245,840
Total insurance and investment contract liabilities	$ 62,078	$ 35,007	$ 99,014	$ 42,274	$ 7,467	$ 245,840
As at December 31, 2023						
Bonds	$ 27,651	$ 21,408	$ 53,381	$ 25,738	$ 4,938	$ 133,116
Mortgage loans	13,008	4,244	11,760	6,707	488	36,207
Stocks	10,081	2,782	1,301	467	—	14,631
Investment properties	4,665	644	—	2,113	—	7,422
Other assets[1]	921	5,809	30,571	4,582	48	41,931
Total	$ 56,326	$ 34,887	$ 97,013	$ 39,607	$ 5,474	$ 233,307
Total insurance and investment contract liabilities	$ 56,326	$ 34,887	$ 97,013	$ 39,607	$ 5,474	$ 233,307

[1] Other assets include reinsurance assets, premiums in the course of collection, interest due and accrued, other investment receivables, deferred acquisition costs, accounts receivable, current income taxes and prepaid expenses. Reinsurance assets include assets recognized as a result of the indemnity reinsurance agreement with Protective Life Insurance Company (Protective Life).

Asset and liability cash flows are matched within established limits to minimize the financial effects of a shift in interest rates and mitigate the changes in the Company's financial position due to interest rate volatility.

Insurance Contract Liabilities and Assets

Insurance contract liabilities and assets[1]

	Insurance contracts not under PAA method					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Contracts under PAA method	Total net insurance contract liabilities
As at December 31, 2024						
Canada	$ 104,920	$ 1,826	$ 5,474	$ 112,220	$ 9,556	$ 121,776
United States	19,955	139	262	20,356	2	20,358
Europe	44,401	1,016	5,195	50,612	3,709	54,321
Capital and Risk Solutions	2,657	2,006	2,437	7,100	231	7,331
Total	$ 171,933	$ 4,987	$ 13,368	$ 190,288	$ 13,498	$ 203,786
As at December 31, 2023						
Canada	$ 95,943	$ 1,935	$ 5,872	$ 103,750	$ 9,267	$ 113,017
United States	18,187	136	276	18,599	1	18,600
Europe	40,615	1,064	4,718	46,397	3,614	50,011
Capital and Risk Solutions	1,029	2,162	1,769	4,960	225	5,185
Total	$ 155,774	$ 5,297	$ 12,635	$ 173,706	$ 13,107	$ 186,813

1 Insurance contract liabilities and assets presented in the above tables also include insurance contracts on account of segregated fund policyholders and reinsurance contract held assets and liabilities.

At December 31, 2024, total net insurance contract liabilities were $203.8 billion, an increase of $17.0 billion from December 31, 2023. The increase in net insurance contract liabilities was primarily due to market movements and the impact of currency movements.

Contractual Service Margin

The CSM of a group of insurance contracts represents the unearned profit that the Company expects to recognize in the future as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfilment cash flows, any derecognized assets for insurance acquisition cash flows and any cash flows arising at that date is a net inflow, then the group is classified as non-onerous. For non-onerous contracts, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group of insurance contracts is onerous. In this case, the net outflow is recognized as a loss in the current period. A loss component is created to depict any losses recognized in the current period, which determines the amounts that are subsequently recognized in future periods as reversals on onerous groups.

Contractual service margin continuity[1]

	Non-Participating (excluding Segregated Funds)							
	Canada	United States	Europe	Capital and Risk Solutions	Total	Seg Funds	Par	Total
CSM beginning of period, December 31, 2023	$ 1,159	$ 24	$ 3,255	$ 1,745	$ 6,183	$ 3,298	$ 3,154	$ 12,635
Impact of new insurance business	36	—	371	251	658	170	119	947
Expected movements from asset returns & locked-in rates	29	1	79	47	156	223	188	567
CSM recognized for services provided	(103)	(5)	(286)	(178)	(572)	(408)	(151)	(1,131)
Insurance experience gains/losses	(60)	(4)	(39)	7	(96)	(117)	—	(213)
Organic CSM movement	$ (98)	$ (8)	$ 125	$ 127	$ 146	$ (132)	$ 156	$ 170
Impact of markets	—	—	—	—	—	352	118	470
Impact of changes in assumptions and management actions	(371)	35	118	470	252	(278)	(193)	(219)
Currency impact	—	4	166	94	264	28	20	312
Total CSM movement	$ (469)	$ 31	$ 409	$ 691	$ 662	$ (30)	$ 101	$ 733
CSM end of period, December 31, 2024	$ 690	$ 55	$ 3,664	$ 2,436	$ 6,845	$ 3,268	$ 3,255	$ 13,368

1 The CSM shown in the above table is presented net of reinsurance contracts held and includes CSM attributed to insurance contract assets and insurance contract liabilities.

At December 31, 2024, total contractual service margin on non-participating business excluding segregated funds was $6.8 billion, an increase of $662 million from December 31, 2023. The increase was mainly driven by currency impacts of $264 million, the impact of assumption changes and management actions of $252 million and organic contractual service margin growth of $146 million.

At December 31, 2024, total contractual service margin was $13.4 billion, an increase of $733 million from December 31, 2023. The increase was mainly driven by market impacts of $470 million, currency impacts of $312 million.

Further detail on the assumption changes and management actions on non-participating business is provided in the "Assumption Changes and Management Actions" section of this document.

Other General Fund Liabilities

	As at December 31	
	2024	2023
Debentures and other debt instruments	$ 9,469	$ 9,046
Other liabilities	10,230	9,587
Accounts payable	3,524	3,216
Deferred tax liabilities	834	787
Derivative financial instruments	2,137	1,288
Current income taxes	294	137
Total	$ 26,488	$ 24,061

Total other general fund liabilities at December 31, 2024 were $26.5 billion, an increase of $2.4 billion from December 31, 2023. The increase was primarily due to an increase of $0.8 billion in derivative financial instruments driven by the impact of the U.S. dollar strengthening against the Canadian dollar on cross-currency swaps that pay U.S. and receive Canadian dollars, an increase of $0.6 billion in other liabilities, an increase of $0.4 billion in debentures and other debt instruments and an increase of $0.3 billion in accounts payable.

Other liabilities of $10.2 billion include pension and other post-employment benefits, lease liabilities, deferred income reserve, bank overdraft, collateralized loan obligation liabilities and other liability balances. Refer to note 20 in the Company’s December 31, 2024 annual consolidated financial statements for a breakdown of the other liabilities balance and note 18 in the Company’s December 31, 2024 annual consolidated financial statements for details of the debentures and other debt instruments.

Segregated Fund and Variable Annuity Guarantees

The Company offers retail segregated fund products, unitized with profits (UWP) products and variable annuity products that provide for certain guarantees tied to the market values of the investment funds.

In Canada, the Company offers individual segregated fund products through Canada Life. These products provide guaranteed minimum death benefits (GMDB) and guaranteed minimum accumulation on maturity benefits (GMAB).

In the U.S., the Company has a mix of open and closed blocks of group variable annuities with guaranteed minimum withdrawal benefits (GMWB) and a closed block of group standalone GMDB products which mainly provide return of premium on death. A large portion of the GMWB portfolio has been reinsured by a third party.

In Europe, the Company offers UWP products, which are similar to segregated fund products but include minimum credited interest rates and pooling of policyholders' funds, as well as a GMWB product in Germany.

The GMWB products offered by the Company in the U.S. and Germany, and previously offered in Canada and Ireland, provide the policyholder with a guaranteed minimum level of annual income for life. The minimum level of income may increase depending upon the level of growth in the market value of the policyholder's funds. Where the market value of the policyholder's funds is ultimately insufficient to meet the level of guarantee purchased by the policyholder, the Company is obligated to make up the shortfall.

Capital and Risk Solutions has guaranteed minimum income benefits (GMIB) that it has reinsured from other U.S. life insurance and reinsurance companies.

These products involve cash flows of which the magnitude and timing are uncertain and are dependent on the level of equity and fixed-income market returns, interest rates, currency markets, market volatility, policyholder behaviour and policyholder longevity.

The Company has a hedging program in place to manage a portion of the market and interest rate risk associated with options embedded in its GMWB products. The program methodology quantifies both the embedded option value and its sensitivity to movements in equity markets, currency markets and interest rates. Equity derivative instruments, currency derivative instruments and interest rate derivative instruments are used to mitigate changes in the embedded option value attributable to movements in equity markets, currency markets and interest rates respectively. The hedging program, by its nature, requires continuous monitoring and rebalancing to avoid over or under hedged positions. Periods of heightened market volatility will increase the frequency of hedge rebalancing.

By their nature, certain risks associated with the GMWB product either cannot be hedged or cannot be hedged on a cost-effective basis. These risks include policyholder behaviour, policyholder longevity, basis risk and market volatility. Consequently, the hedging program will not mitigate all risks to the Company associated with the GMWB products and may expose the Company to additional risks including the operational risk associated with the reliance upon sophisticated models, and counterparty credit risk associated with the use of derivative instruments.

Other risk management processes are in place aimed at appropriately limiting the Company's exposure to the risks it is not hedging or are otherwise inherent in its hedging program. In particular, the GMWB product has been designed with specific regard to limiting policyholder anti-selection, and the array of investment funds available to policyholders has been determined with a view to minimizing underlying basis risk.

Certain GMWB products offered by the Company offer levels of death and maturity guarantees. At December 31, 2024, the amount of GMWB product in-force in Canada, the U.S., Ireland and Germany was $7,538 million ($7,343 million at December 31, 2023).

Segregated fund and variable annuity guarantee exposure

		Investment deficiency by benefit type			
December 31, 2024	**Market Value**	**Income**	**Maturity**	**Death**	**Total[1]**
Canada	$ 36,099	$ 1	$ 4	$ 12	$ 12
United States	22,890	32	—	5	37
Europe	13,013	3	—	1,143	1,143
Capital and Risk Solutions[2]	718	94	—	—	94
Total	$ 72,720	$ 130	$ 4	$ 1,160	$ 1,286

[1] A policy can only receive a payout from one of the three trigger events (income election, maturity or death). Total deficiency measures the point-in-time exposure assuming the most costly trigger event for each policy occurred on December 31, 2024.

[2] Capital and Risk Solutions exposure is to markets in the U.S.

Investment deficiency at December 31, 2024 decreased by $225 million to $1,286 million compared to December 31, 2023, primarily as a result of an increase in market values. The investment deficiency measures the point-in-time exposure to a trigger event (i.e., income election, maturity or death) assuming it occurred on December 31, 2024 and does not include the impact of the Company's hedging program. The actual cost to the Company will depend on the trigger event having occurred and the market values at that time. The actual claims before tax associated with these guarantees were $3 million in-quarter ($4 million for the fourth quarter of 2023), with the majority arising in the Capital and Risk Solutions segment related to a legacy block of business.

Lifeco Capital Structure

In establishing the appropriate mix of capital required to support the operations of the Company and its subsidiaries, management utilizes a variety of debt, equity and other hybrid instruments considering both the short and long-term capital needs of the Company.

Debentures and Other Debt Instruments

At December 31, 2024, debentures and other debt instruments increased by $423 million to $9,469 million compared to December 31, 2023, primarily due to the impact of currency movement and the addition of a mortgage on investment properties.

Refer to note 18 in the Company's December 31, 2024 annual consolidated financial statements for further details of the Company's debentures and other debt instruments.

Capital Trust Securities

At December 31, 2024, the Company had $150 million principal outstanding of Canada Life Capital Trust Securities – Series B (CLiCS – Series B). Included in the Company's invested assets at December 31, 2024 were CLiCS – Series B with a fair value of $44 million and principal value of $37 million (fair value of $44 million at December 31, 2023).

Each holder of the CLiCS – Series B is entitled to receive a semi-annual non-cumulative fixed cash distribution of $37.645 per CLiCS – Series B, representing an annual yield of 7.529% payable out of Canada Life Capital Trust's (CLCT) distributable funds. Subject to regulatory approval, CLCT may redeem the CLiCS – Series B, in whole or in part, at any time and the CLiCS – Series B are callable at par on June 30, 2032.

Equity

Share capital outstanding at December 31, 2024 was $10.3 billion, which comprises $6.1 billion of common shares and $2.7 billion of preferred shares and $1.5 billion Limited Recourse Capital Notes (LRCN Series 1). Preferred shares included $2,470 million of non-cumulative First Preferred Shares and $250 million of non-cumulative 5-year rate reset First Preferred Shares.

Common shares

At December 31, 2024, the Company had 932,107,643 common shares outstanding with a stated value of $6.07 billion compared to 932,427,987 common shares with a stated value of $6.00 billion at December 31, 2023.

The Company renewed its normal course issuer bid (NCIB) effective January 29, 2024 for one year to purchase and cancel up to 20,000,000 of its common shares at market prices in order to mitigate the dilutive effect of stock options granted under the Company's Stock Option Plan and for other capital management purposes. Effective March 5, 2024, the Company entered into an automatic share purchase plan (ASPP). The ASPP is intended to facilitate repurchases of common shares under the NCIB, including at times when the Company would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. All purchases of common shares made under the ASPP are included in determining the number of common shares purchased under the NCIB. Any common shares purchased by the Corporation pursuant to the NCIB will be cancelled.

During the twelve months ended December 31, 2024, the Company repurchased and subsequently cancelled 2,700,000 common shares under the NCIB at an average cost per share of $42.32.

Subsequent to December 31, 2024, the Company announced that it had renewed its NCIB commencing January 6, 2025 for one year to purchase and cancel up to 20,000,000 of its common shares at market prices. On the same day, the Company entered into an ASPP under the renewed NCIB.

The Company intends to purchase $500 million under our current NCIB, in addition to the purchases made to offset dilution under its share compensation plans. This is subject to market conditions, the Company's ability to effect the purchases on a prudent basis, and other strategic opportunities emerging.

Preferred shares

At December 31, 2024, the Company had 11 series of fixed rate First Preferred Shares and 1 series of 5-year rate reset First Preferred Shares outstanding with aggregate stated values of $2,470 million and $250 million, respectively.

The terms and conditions of the outstanding First Preferred Shares are set out in the table below:

	Great-West Lifeco Inc.					
	Series G	**Series H**	**Series I**	**Series L**	**Series M**	**Series N**
General Type	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	5-Year Rate Reset
Cumulative/Non-Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Date Issued	Sep 14, 2004	Aug 12, 2005	Apr 12, 2006	Oct 2, 2009	Mar 4, 2010	Nov 23, 2010
Shares Outstanding	12,000,000	12,000,000	12,000,000	6,800,000	6,000,000	10,000,000
Amount Outstanding (Par)	$300,000,000	$300,000,000	$300,000,000	$170,000,000	$150,000,000	$250,000,000
Yield	5.20%	4.85%	4.50%	5.65%	5.80%	1.749%
Earliest Issuer Redemption Date	Dec 31, 2009	Sep 30, 2010	Jun 30, 2011	Dec 31, 2014	Mar 31, 2015	Dec 31, 2020
	Series P	**Series Q**	**Series R**	**Series S**	**Series T**	**Series Y**
General Type	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate
Cumulative/Non-Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Date Issued	Feb 22, 2012	Jul 6, 2012	Oct 11, 2012	May 22, 2014	May 18, 2017	Oct 8, 2021
Shares Outstanding	10,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Amount Outstanding (Par)	$250,000,000	$200,000,000	$200,000,000	$200,000,000	$200,000,000	$200,000,000
Yield	5.40%	5.15%	4.80%	5.25%	5.15%	4.50%
Earliest Issuer Redemption Date	March 31, 2017	Sep 30, 2017	Dec 31, 2017	Jun 30, 2019	Jun 30, 2022	Dec 31, 2026

The terms and conditions of the First Preferred Shares do not allow the holder to convert to common shares of the Company or to otherwise cause the Company to redeem the shares. Preferred shares issued by the Company are commonly referred to as perpetual and represent a form of financing that does not have a fixed term.

Non-Controlling Interests

The Company's non-controlling interests include participating account surplus in subsidiaries and non-controlling interests in subsidiaries. Refer to note 21 in the Company's December 31, 2024 annual consolidated financial statements for further details.

	As at December 31	
	2024	2023
Participating account surplus in subsidiaries:		
Canada Life	$ 3,043	$ 2,844
Empower	(2)	3
	$ 3,041	$ 2,847
Non-controlling interests in subsidiaries	$ 72	$ 168

At December 31, 2024, the carrying value of non-controlling interests increased by $98 million to $3,113 million compared to December 31, 2023. For the twelve months ended December 31, 2024, net earnings attributable to participating account before policyholder dividends were $2,007 million and policyholder dividends were $1,901 million.

Liquidity and Capital Management

Liquidity

Total Liquid Assets

	On-balance sheet assets	Non-liquid/ Pledged[3]	Net liquid assets[3]
As at December 31, 2024			
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents[1]	$ 10,709	$ 339	$ 10,370
Short-term bonds[2]	5,429	348	5,081
Sub-total	$ 16,138	$ 687	$ 15,451
Other assets and marketable securities			
Government bonds[2]	$ 40,928	$ 11,293	$ 29,635
Corporate bonds[2]	120,757	59,688	61,069
Stocks[1]	18,826	6,126	12,700
Mortgage loans[1]	38,879	36,089	2,790
Sub-total	$ 219,390	$ 113,196	$ 106,194
Total	$ 235,528	$ 113,883	$ 121,645
As at December 31, 2023 (Restated)			
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents[1]	$ 7,742	$ 282	$ 7,460
Short-term bonds[2]	5,876	374	5,502
Sub-total	$ 13,618	$ 656	$ 12,962
Other assets and marketable securities			
Government bonds[2]	$ 38,369	$ 8,833	$ 29,536
Corporate bonds[2]	112,806	54,134	58,672
Stocks[1]	15,733	4,134	11,599
Mortgage loans[1]	38,414	35,500	2,914
Sub-total	$ 205,322	$ 102,601	$ 102,721
Total	$ 218,940	$ 103,257	$ 115,683

1 Refer to the consolidated balance sheet in the Company's December 31, 2024 annual consolidated financial statements for on-balance sheet amounts.

2 Total short-term bonds, government bonds and corporate bonds as at December 31, 2024 was $167.1 billion ($157.1 billion at December 31, 2023). Refer to the consolidated balance sheet in the Company's December 31, 2024 annual consolidated financial statements for on-balance sheet bonds amounts.

3 Comparative results have been restated to reflect expanded definition of non-liquid and pledged assets.

The Company's liquidity requirements are largely self-funded, with short-term obligations being met by internal funds and maintaining levels of liquid investments adequate to meet anticipated liquidity needs. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At December 31, 2024, the Company and its operating subsidiaries held liquid cash, cash equivalents and short-term bonds of $15.5 billion ($13.0 billion at December 31, 2023) and other liquid assets and marketable securities of $106.2 billion ($102.7 billion at December 31, 2023). Included in the cash, cash equivalents and short-term bonds at December 31, 2024 was $2.2 billion ($0.5 billion at December 31, 2023) held at the Lifeco holding company level which includes cash at Great-West Lifeco U.S. LLC, the Company's U.S. holding company. In addition, the Company maintains committed lines of credit with Canadian chartered banks and other revolving credit agreements in the U.S. for potential unanticipated liquidity needs, if required. Refer to note 7(b) in the Company's December 31, 2024 annual consolidated financial statements for additional detail.

The Company does not have a formal common shareholder dividend policy. The Company maintains a target dividend payout ratio range of 45% to 55% of base earnings that is considered in dividend decisions. Dividends on outstanding common shares of the Company are declared and paid at the sole discretion of the Board of Directors of the Company. The decision to declare a dividend on the common shares of the Company takes into account a variety of factors including the level of earnings, adequacy of capital and availability of cash resources.

As a holding company, the Company's ability to pay dividends and, in part, its ability to deploy capital is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company. During 2024, the Company's main operating subsidiaries made cash payments to the holding company in the form of dividends amounting to $4.0 billion ($3.5 billion in 2023).

Liquidity risk is assessed and mitigated through prudent product design and contract terms; and by maintaining a high quality, diversified investment portfolio with sufficient liquidity to meet policyholder and financing obligations under normal and stress conditions. Refer to the "Liquidity Risk" section of this document for additional details.

Cash Flows

Cash flows

	For the three months ended December 31		For the twelve months ended December 31	
	2024	2023	**2024**	2023
Cash flows relating to the following activities:				
Operations	$ 2,000	$ 2,118	$ 4,751	$ 5,203
Financing	(515)	(598)	(2,285)	(3,550)
Investment	(5)	(655)	(408)	(786)
	1,480	865	2,058	867
Effects of changes in exchange rates on cash and cash equivalents	342	(74)	534	(40)
Increase (decrease) in cash and cash equivalents in the period	1,822	791	2,592	827
Cash and cash equivalents, beginning of period	8,887	7,326	8,117	7,290
Cash and cash equivalents from continuing and discontinued operations, end of period	$ 10,709	$ 8,117	$ 10,709	$ 8,117
Cash and cash equivalents from discontinued operations, end of period[1]	—	375	—	375
Cash and cash equivalents from continuing operations, end of period	$ 10,709	$ 7,742	$ 10,709	$ 7,742

1 On January 1, 2024, Lifeco completed the sale of Putnam Investments to Franklin Templeton. Beginning in Q2 2023, the cash flows related to the discontinued operations have been presented separately.

The principal source of funds for the Company on a consolidated basis is cash provided by operating activities, including insurance revenue, net investment income and fee income. These funds are used primarily to pay policy benefits, policyholder dividends and claims, as well as operating expenses and commissions. The operations category on the statement of cash flows also includes transfers and withdrawals by clients that are funded in part by the sale of assets for cash. Cash flows generated by operations are mainly invested to support future liability cash requirements. Cash flows related to financing activities include the issuance and repayment of capital instruments and associated dividends and interest payments.

In the fourth quarter of 2024, cash and cash equivalents increased by $1,822 million from September 30, 2024. Cash flows provided by operations during the fourth quarter of 2024 were $2,000 million, a decrease of $118 million compared to the fourth quarter of 2023. The decrease was primarily due to net purchases of portfolio investments in the current quarter compared to net sales of portfolio investments for the same quarter last year and less favourable fair value adjustments, partially offset by higher net earnings after taxes. Cash flows used by financing activities of $515 million were primarily used for payment of dividends to common and preferred shareholders. Cash flows used by investment activities were $5 million.

For the twelve months ended December 31, 2024, cash and cash equivalents increased by $2,592 million from December 31, 2023. Cash flows provided by operations were $4,751 million, a decrease of $452 million compared to the same period last year, primarily due to lower net sales of portfolio investments, partially offset by higher net earnings after taxes. Cash flows used by financing activities of $2,285 million were primarily used for the same reasons discussed for the in-quarter results. Cash flows used by investment activities were $408 million primarily related to the sale of Putnam Investments classified as discontinued operations.

Commitments/Contractual Obligations

In the normal course of business the Company enters into contracts that give rise to commitments of future minimum payments that impact short-term and long-term liquidity. The following summarizes the principal repayment schedule for certain of the Company’s financial liabilities. The table below does not include commitments of insurance and investment contract liabilities. Refer to the "Market and Liquidity Risk" section of this document for additional information regarding insurance and investment contract liabilities.

	Payments due by period						
As at December 31, 2024	**Total**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**Over 5 years**
1) Debentures and other debt instruments	$ 9,229	$ 720	$ 745	$ 576	$ 1,032	$ 800	$ 5,356
2) Lease obligations	457	63	61	56	49	42	186
3) Purchase obligations	517	203	146	75	42	22	29
4) Credit-related arrangements							
(a) Contractual commitments	7,533	7,372	116	30	8	—	7
(b) Letters of credit	see note 4(b) below						
5) Pension contributions	221	221	—	—	—	—	—
Total contractual obligations	$ 17,957	$ 8,579	$ 1,068	$ 737	$ 1,131	$ 864	$ 5,578

1) Refer to note 18 in the Company's December 31, 2024 annual consolidated financial statements. Excluded from debentures and other debt instruments are unamortized transaction costs.

2) For a further description of the Company's lease obligations (presented on a net value basis), refer to note 20 in the Company's December 31, 2024 annual consolidated financial statements.

3) Purchase obligations are commitments to acquire goods and services, essentially related to information services.

4) (a) Contractual commitments are essentially commitments of investment transactions made in the normal course of operations in accordance with policies and guidelines that are to be disbursed upon fulfillment of certain contract conditions.

(b) Letters of credit (LC) are written commitments provided by a bank. The total amount of LC facilities is US$1,717 million of which US$941 million were issued as of December 31, 2024.

The Reinsurance business unit periodically uses LC as collateral under certain reinsurance contracts for on-balance sheet policy liabilities.

The Company may be required to seek collateral alternatives if it is unable to renew existing LCs on maturity.

A total of US$723 million has been issued to subsidiaries or branches of Canada Life and the additional US$70 million has been issued to Great-West Life & Annuity Insurance Company of South Carolina.

The remaining US$148 million has been issued to external parties. Clients residing in the United States are required pursuant to their insurance regulations to obtain LCs issued on the Company’s behalf from approved banks in order to further secure the Company’s obligations under certain reinsurance contracts.

5) Pension contributions include funding estimates for defined benefit pension plans, defined contribution pension plans and other post-employment plans. These contributions are subject to change, as contribution decisions are affected by many factors including market performance, regulatory requirements and management’s ability to change funding policy. Funding estimates beyond 2025 are excluded due to the significant variability in the assumptions required to project the timing of future contributions.

Capital Management and Adequacy

The Board of Directors reviews and approves an annual capital plan as well as capital transactions undertaken by management pursuant to the plan. The capital plan is designed to ensure that the Company maintains adequate capital, taking into account the Company's strategy, risk profile and business plans. The Company has established policies and procedures designed to identify, measure and report all material risks. Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan. In addition to undertaking capital transactions, the Company uses and provides traditional and structured reinsurance to support capital and risk management.

At the holding company level, the Company monitors the amount of consolidated capital available and the amounts deployed in its various operating subsidiaries. The amount of capital deployed in any particular company or country is dependent upon local regulatory requirements as well as the Company's internal assessment of capital requirements in the context of its operational risks and requirements and strategic plans. The Company's practice is to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate. The capitalization decisions of the Company and its operating subsidiaries also give consideration to the impact such actions may have on the opinions expressed by various credit rating agencies that provide financial strength and other ratings to the Company.

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Life Insurance Capital Adequacy Test (LICAT). The LICAT Ratio is calculated in accordance with the 2024 OSFI Guideline - Life Insurance Capital Adequacy Test.

The LICAT Ratio compares the regulatory capital resources of a company to its required capital. The required capital is calibrated so that a life insurer can both withstand severe stress events and support the continuity of existing business. The LICAT guideline uses a risk-based approach for measuring specific life insurer risks and for aggregating the results to calculate the amount of a life insurer's capital requirements.

OSFI has established a Supervisory Target Total Ratio of 100% and a Supervisory Minimum Total Ratio of 90%. Lifeco's major Canadian operating subsidiary, Canada Life, is operating well above these supervisory ratios.

Canada Life's consolidated LICAT Ratio at December 31, 2024 was 130%. The LICAT Ratio does not take into account any impact from $2.2 billion of liquidity at the Lifeco holding company level at December 31, 2024 ($1.1 billion at September 30, 2024).

The following provides a summary of the LICAT information and ratios for Canada Life:

LICAT Ratio

	Dec. 31 2024	Dec. 31 2023
Tier 1 Capital	$ 20,142	$ 18,285
Tier 2 Capital	5,253	5,223
Total Available Capital	25,395	23,508
Surplus Allowance & Eligible Deposits	5,130	5,406
Total Capital Resources	$ 30,525	$ 28,914
Required Capital	$ 23,516	$ 22,525
Total Ratio (OSFI Supervisory Target = 100%)[1]	130 %	128 %

[1] Total Ratio (%) = (Total Capital Resources / Required Capital)

The LICAT Ratio increased by two points from 128% at December 31, 2023 to 130% at December 31, 2024. The year-over-year increase of two points was primarily due to higher earnings, partially offset by increased capital requirements as a result of new business.

In the U.S, the National Association of Insurance Commissioners has established Risk-Based Capital (RBC) as a regulatory capital adequacy measurement. Empower, Lifeco's U.S. operating company, reports its RBC ratio annually to U.S. Insurance Regulators. The RBC ratio is for information only and is not intended as a means to rank insurers generally or for any other purpose. The reported December 31, 2023 ratio was 522%. At December 31, 2024, the ratio is estimated to continue to be above 500%.

OSFI Regulatory Capital Initiatives

OSFI introduced revised capital requirements for Segregated Fund Guarantee Risk with its 2025 LICAT Guideline, effective January 1, 2025.

Canada Life will report under the new rules starting in the first quarter of 2025. They are expected to have a modest positive impact on the LICAT Total Ratio based on current market conditions and a modest expansion in Canada Life's hedging program.

Return on Equity (ROE)

	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023
Base Return on Equity[1] by Segment			
Canada	15.7 %	16.5 %	16.9 %
United States	15.7 %	14.5 %	11.6 %
Europe	15.4 %	16.4 %	16.7 %
Capital and Risk Solutions	59.5 %	48.4 %	49.5 %
Total Lifeco Base Return on Equity	17.5 %	17.3 %	16.6 %
Return on Equity - Continuing Operations[2] by Segment			
Canada	18.4 %	17.4 %	14.0 %
United States[3]	13.2 %	11.8 %	8.8 %
Europe	15.1 %	14.6 %	8.2 %
Capital and Risk Solutions	45.0 %	37.2 %	52.0 %
Total Lifeco Return on Equity - Continuing Operations[3]	16.7 %	15.6 %	12.9 %

1 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 Comparative results for 2023 have been restated to exclude amounts related to discontinued operations which were included in error in the corresponding figures presented in the Q4 2023 MD&A.

The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for the United States, it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit consistent with the consolidated Company.

Lifeco's base ROE as at December 31, 2024 increased by 0.9 percentage points compared to the same quarter last year. The increase was driven by the Capital and Risk Solutions and U.S. segments, for which base ROEs increased by 10.0 and 4.1 percentage points, respectively.

Lifeco's ROE as at December 31, 2024 increased by 3.8 percentage points compared to the same quarter last year, primarily driven by the Europe, U.S. and Canada segments.

Ratings

Lifeco and its operating companies maintain ratings from five independent ratings companies. Credit ratings[1] are intended to provide investors with an independent measure of the credit quality of a corporation and securities of a corporation and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation.

Lifeco and its major operating subsidiaries, are assigned a group rating from each rating agency. This group rating is predominantly supported by leading positions in the Canadian insurance market and competitive positions in the U.S. and Europe. Each of Lifeco's operating companies benefit from the strong implicit financial support and collective ownership by Lifeco.

During 2024, the existing credit ratings for Lifeco and its major operating subsidiaries were unchanged. As of December 31, 2024, all agency outlooks for Lifeco’s rated entities were unchanged at stable.

The following table summarizes Lifeco’s issuer credit rating and the financial strength ratings for Lifeco’s major operating subsidiaries:

1 These ratings are not a recommendation to buy, sell or hold the securities of the Company or its subsidiaries and do not address market price or other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating agency.

Company	Ratings Type	AM Best Company	Fitch Ratings	Moody's Ratings	Morningstar DBRS	S&P Global Ratings
Great-West Lifeco Inc.	Issuer Credit Rating	a	A+	Not Rated	A (high)	A+
The Canada Life Assurance Company	Financial Strength Rating	A+	AA	Aa3	AA	AA
Empower Annuity Insurance Company of America	Financial Strength Rating	A+	AA	Aa3	Not Rated	AA

For a complete listing of credit ratings for Great-West Lifeco and its major operating subsidiaries, please refer to the "Investor Relations" section of the Company's website at www.greatwestlifeco.com.

Risk Management

Risk Management Overview

As a diverse financial services company, effective risk management is critical to our success. The Company is committed to a comprehensive system of risk management, that is embedded throughout all business activities, structured around a three lines of defense model and overseen by the Board of Directors. The three lines of defense include business unit and support functions, oversight functions including actuarial, finance, risk and compliance, and the Company's internal audit function.

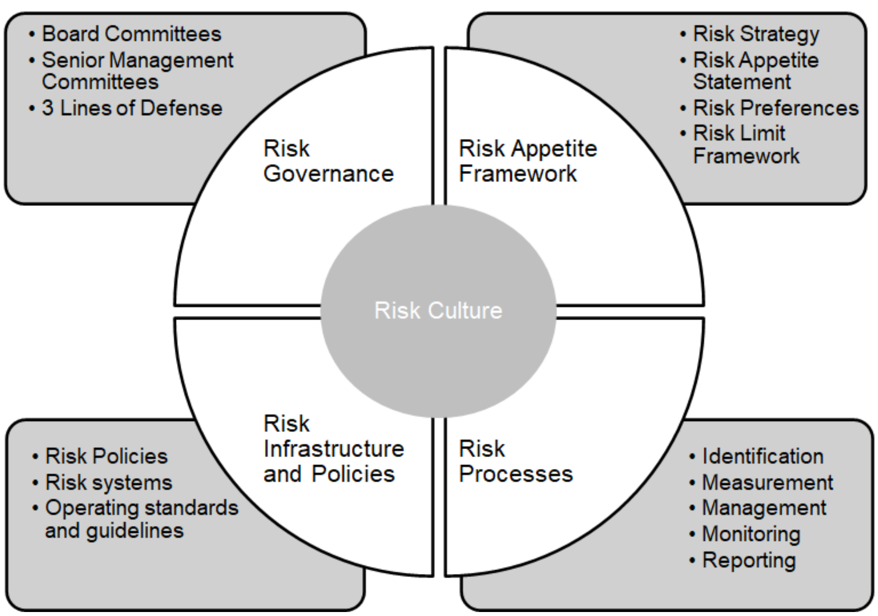
The Company has a prudent and measured approach to risk management, reinforced by a strong risk culture and guided by an integrated Enterprise Risk Management (ERM) Framework. This framework aligns our business strategy with our risk appetite, informs capital allocation and supports the identification, mitigation and management of potential risks and opportunities.

The Company's Risk Function develops and maintains the Risk Appetite Framework (RAF), supporting policies and risk limits, while providing independent oversight across the Company. Although the Company takes steps to anticipate and minimize risks, no framework can guarantee that all risks are fully managed and mitigated effectively. Unforeseen events may affect the Company's business, financial condition and results of operations.

This Risk Management disclosure has three main sections: ERM Framework, Principal Risk Categories and Exposures and Sensitivities.

Enterprise Risk Management Framework

The Company's Board and Management Committees provide oversight of the ERM Framework, which consists of five components: Risk Culture, Risk Governance, RAF, Risk Processes and Risk Infrastructure & Policies.



Risk Culture

Risk culture is the system of norms, values, attitudes and behaviours that influences and informs risk decision-making. Our risk culture embodies a collective responsibility to meet our commitments to stakeholders, guided by our corporate purpose and core values with a customer-first approach. We protect our financial strength and reputation while responsibly growing shareholder value in a manner that balances the interests of all stakeholders.

This culture is instilled through a mindset of risk awareness as demonstrated by:

- A consistent tone from the Board, senior management and throughout the organization, reinforcing behavioural and ethical expectations, and alignment of business decisions with our strategy, corporate purpose, core values and risk appetite.
- An understanding that risk is inherent to our business success and represents opportunity when managed effectively.
- An individual and shared commitment to continuous risk management, with clear accountability and ownership of specific risks.
- Rewarding positive risk-taking and management behaviours while challenging and correcting those that are inconsistent with our corporate purpose, core values or risk appetite.
- Encouraging the reporting of risk events and having robust whistleblowing processes, actively seeking to learn from mistakes and near misses.
- Being accountable to all stakeholders.
- Recognizing that risk management is the responsibility of all employees, officers and directors, both individually and collectively. Risk management skills and knowledge are developed and are essential to our ongoing success. Effective challenge is expected and respected across all business operations and all three lines of defense. Oversight and assurance functions are valued and appropriately resourced throughout the organization.

Risk Governance

Risk governance sets out the roles and responsibilities for management, the Board of Directors (Board) and Board Committees.

Board of Directors

The mandate of the Board, which it discharges directly or through one of its Committees, is to oversee the management of the Company's business and operations. The Board holds ultimate accountability for the governance and oversight of risk across the Company. Each year, the Board approves the Company's strategic goals, objectives, plans and initiatives, reviewing the risks associated with the Company's diverse businesses, strategic goals and high priority initiatives. Key risk responsibilities include:

- Approving the ERM Policy and RAF, in addition to periodically approving policies designed to support the independence of the Risk, Finance, Actuarial and Compliance oversight functions, as well as the Internal Audit assurance function.
- Monitoring the implementation and maintenance of appropriate systems, policies, procedures and controls to manage the risks associated with the Company's businesses and operations.
- Approving the Company's business, financial and capital plans each year and monitoring their implementation by management.
- Adopting a Code of Conduct for Directors, officers and employees of the Company, upon the recommendation of the Risk Committee.
- Overseeing the Company's environmental, social and governance (ESG) strategy, monitoring management's execution of this strategy and reviewing the related impacts, risks, initiatives and reporting.

Risk Committee

The Risk Committee of the Board of Directors is responsible for assisting the Board with risk management oversight and governance throughout the Company. The Risk Committee's responsibilities include:

- Reviewing and overseeing the ERM Policy and RAF.
- Approving the risk limit framework, associated risk limits and monitoring adherence to those limits.
- Reviewing, approving and overseeing credit, market and liquidity, insurance, operational, conduct, strategic and other risk policies.
- Discussing risks in aggregate and by type of risk, including actions taken or planned to mitigate those risks where appropriate.
- Reviewing and assessing the effectiveness of risk management across the Company including processes to ensure effective identification, measurement, management, monitoring and reporting on significant current and emerging risks.
- Reviewing relevant reports, including stress testing and Financial Condition Testing.
- Reviewing and approving the Own Risk and Solvency Assessment (ORSA) Report.

- Periodically approving of the Recovery Plan Playbook.
- Reviewing and monitoring of compliance with the Company's Code of Conduct and evaluating the Company's risk culture.
- Periodically considering and providing input on the relationships between risk and compensation.
- Approving the organizational and reporting structures, budget and resources of the Risk and Compliance functions.
- Annually assessing the performance of the CRO, CCO and the effectiveness of the Risk and Compliance Functions.

The Risk Committee is required to meet, at least annually, with the Audit Committee and with the Company's Chief Internal Auditor. The Risk Committee meets with the Investment Committee as appropriate.

Audit Committee

The primary mandate of the Audit Committee is to review the financial statements of the Company and public disclosure containing financial information and, at its discretion, ESG information and to report on such reviews to the Board, to be satisfied that adequate procedures are in place for the review of the Company's public disclosures containing financial information and to oversee the work and review the independence of the external auditor. The mandate also includes the responsibility to recommend to the Board the appointment and/or removal of the Appointed Actuary, the Chief Financial Officer and the Chief Internal Auditor, to review and approve their mandates, to assess their performance, to review the independence and assess the effectiveness of each of the Finance, Actuarial and Internal Audit functions and to review and approve their organizational structures and resources. The Audit Committee is also responsible for reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. The Audit Committee is required to meet, at least annually with the Risk Committee.

Conduct Review Committee

The primary mandate of the Conduct Review Committee is to require management to establish satisfactory procedures for the consideration and approval of transactions with related parties, to review and, if deemed appropriate, to approve related party transactions.

Governance and Nominating Committee

The primary mandate of the Governance and Nominating Committee is to oversee the Company's approach to governance matters, to recommend to the Board effective corporate governance policies and processes, to assess the effectiveness of the Board, Board Committees and of the Directors, and to recommend to the Board candidates for election as Directors and candidates for appointment to Board Committees.

Human Resources Committee

The primary mandate of the Human Resources Committee is to support the Board in its oversight of compensation, talent management and succession planning. This includes the responsibility to approve compensation policies, to review the designs of major compensation programs, to approve compensation arrangements and any benefit or perquisite plan for senior executives of the Company and to recommend to the Board compensation arrangements for the Directors and for the President and Chief Executive Officer. The mandate also includes the responsibility to review succession plans for the President and Chief Executive Officer and other senior executives, to review talent management programs and initiatives and to review the leadership capabilities required to support the advancement of the Company's strategic objectives. The Human Resources Committee is also responsible for considering the implications of the risks associated with the Company's compensation policies, plans and practices, and in doing so meets annually with the Chief Risk Officer.

Investment Committee

The primary mandate of the Investment Committee is to oversee the Company's global investment strategy and activities, including approving the Company's Investment Policy and monitoring the Company's compliance with the investment policy. The mandate also includes reviewing the Company's annual investment plan and monitoring the company's investment performance and results against the annual investment plan and monitoring emerging risks, market trends and performance, and, at its discretion, ESG information, investment regulatory issues, and any other matters relevant to the oversight of the Company's global investment function.

Reinsurance Committee

The primary mandate of the Reinsurance Committee is to advise on the Company's reinsurance transactions. The mandate also includes reviewing and approving management's recommendations with respect to policies applicable to reinsurance.

Senior Management Risk Committees

The Executive Risk Management Committee (ERMC) is the senior management committee responsible for overseeing all types of risk and the implementation of the ERM Framework. Its members include the President and Chief Executive Officer, heads of major business segments, key oversight functions and support functions as appropriate. The Committee reviews compliance with the RAF, risk policies and standards, assesses the risk impact of business strategies, capital and financial plans and material initiatives. Authority for approving and managing lower level risk limits is delegated from the Board Risk Committee to the ERMC. The ERMC is advised by three enterprise-wide sub-committees, chaired by the Risk Function:

- Market and Credit Risk Committee
- Insurance Risk Committee
- Operational Risk Committee

These sub-committees are responsible for the identification, measurement, management, monitoring and reporting of their respective risks. Additionally, each business segment has its own executive risk management committee to oversee and monitor risks and the implementation of the ERM Framework within the respective segment.

Management Accountabilities

The Company employs a Three Lines of Defense model to clearly segregate risk management and risk oversight responsibilities and rigorously applies the ERM Framework across the enterprise.

- **First Line:** Business units and support functions, including Investment Management, Human Resources, Information Services and Legal, are the ultimate owners of risk and have primary responsibility and accountability for risk management through day-to-day operations.
- **Second Line:** The Risk Function has primary responsibility for independent oversight and challenge of risk management practices of the first line of defense. It is supported by oversight functions such as Actuarial, Compliance and Finance.
- **Third Line:** Internal Audit provides independent assurance on the adequacy and effectiveness of the ERM Framework.

The Chief Risk Officer (CRO) reports directly to both the President and Chief Executive Officer and the Board Risk Committee. The CRO is responsible for ensuring that the Risk Function is properly resourced and effective. The CRO’s responsibilities include reporting on compliance with the ERM Policy and RAF and escalating matters that require attention.

Risk resources and capabilities are aligned with business segments and operating units. Additional support is provided by centrally based risk expertise.

Risk Appetite Framework

The Company has established a RAF that includes the following elements:

- **Risk Strategy:** Outlines the Company’s risk philosophy and its alignment with the business strategy.
- **Risk Appetite Statement:** Outlines the overall level and types of risk that the Company is willing to accept to achieve its business objectives.
- **Risk Preference:** Provides a qualitative description of risk tolerances.
- **Risk Limit Framework:** Includes quantitative components, such as limits and escalation processes, to manage and monitor risk levels.

Risk Strategy

Our purpose is to help our customers achieve financial security and well-being, while keeping our commitments and growing shareholder value. Effective and efficient risk management is key to achieving these aims. This is achieved by:

- Establishing a risk awareness culture that is integrated into all business activities with a risk governance model based on three lines of defense. Business units are accountable for risk-taking decisions, the Risk Function provides independent oversight and challenge, Internal Audit provides independent assurance of the ERM Framework;
- Employing a prudent and measured approach to risk-taking;
- Conducting business to protect the Company’s reputation and deliver fair customer outcomes through maintaining high standards of integrity as outlined in the employee Code of Conduct and through sound sales and marketing practices; and
- Driving profitable growth and while maintaining a strong balance sheet to generate returns and enhance shareholder value.

Risk Appetite Statement

The Company's Risk Appetite Statement has four key components:

- **Strong Capital Position:** The Company intends to maintain a strong balance sheet and not take risks that would jeopardize its financial strength;
- **Mitigated Earnings Volatility:** The Company seeks to avoid substantial earnings volatility through appropriate diversification and limiting exposure to more volatile lines of business;
- **Strong Liquidity:** The Company intends to maintain a high quality, diversified investment portfolio with sufficient liquidity to meet the demands of policyholder and financing obligations under normal and stressed conditions; and
- **Treating Customers Fairly and Maintaining the Company's Reputation:** The Company seeks to maintain a high standing and positive reputation with all stakeholders including its customers, counterparties, creditors and other stakeholders. This includes building and maintaining trust, fair treatment of customers, consideration of corporate social responsibility and effective management of sustainability and reputational risks.

Risk Preference

The Company has defined qualitative risk preferences for each risk type, assigning a risk preference level to guide understanding and management of these risks. Risk exposure is regularly measured, with risk tolerances quantitatively expressed through specific constraints on the Company's risk profile within established limits. Maximum guidelines are in place to monitor risk concentration and inform the risk limit setting process.

Risk Limit Framework

The Company has implemented a comprehensive structure of risk limits and controls, which are segmented by business unit and risk type. The limit structure is supported by comprehensive limit approval and excess management processes to ensure effective governance and oversight of the RAF.

The Company and its subsidiaries operate under various regulatory regimes. The capital requirements under these regulatory capital regimes are factored into the development of risk limits. Business units are responsible for operating within the established risk appetite and the risk limit framework, while also meeting local regulatory requirements.

Risk Processes

The Company's risk processes follow a cycle of identification, measurement, management, monitoring and reporting and are designed to ensure that both current and emerging risks are assessed against the RAF.

Risk Identification, Measurement and Management

Risk identification involves the structured analysis of the current and emerging risks to ensure they are understood and appropriately managed. Processes are in place to identify, assess, prioritize and address risks across all business initiatives, including investment strategies, product design, annual planning, budgeting and significant transactions including but not limited to potential acquisitions and disposals.

Risk measurement enables the quantification and assessment of the Company's risk profile, which is monitored against risk limits. Material business developments or strategy changes require an independent assessment of risk, including potential impacts on reputation, capital, earnings and liquidity. Stress and scenario testing is used to evaluate risk exposures relative to the Company's risk appetite. Sensitivity testing assesses the impact of specific risks independent of other risks. Scenario testing examines the combined impact of multiple risk exposures.

Where necessary, the Company develops mitigation strategies to manage them proactively. Risk management involves selecting approaches to accept, reject, transfer, avoid or control risk, including mitigation plans. This is supported by a control framework for both financial and non-financial risks that includes risk limits, Risk Function Indicators (RFIs) and stress and scenario testing to ensure timely escalation and resolution of potential issues.

The Risk Function is responsible for ensuring consistent application of the risk appetite across the Company and for establishing limits to ensure compliance with the risk appetite and Company-wide risk policies. The Risk Function provides ongoing, independent challenge to the first line of defense. In cases of significant internal or external changes that may introduce new risks or amplify existing risks, the Risk Function provides formal Risk Opinions or thematic reviews.

Risk Monitoring, Reporting and Escalation

Risk monitoring involves the continuous oversight and tracking of the Company's risk exposures to ensure that current risk management strategies remain effective. Monitoring may also identify potential opportunities for risk-taking.

Risk reporting presents a clear, accurate and timely view of existing and emerging risk issues and exposures as well as their potential impact on business activities. It highlights the Company's risk profile in relation to the established risk appetite and limits.

A well-defined escalation protocol is in place to address any excesses against thresholds or limits set by the RAF, risk policies or operating standards and guidelines. Remediation plans are reviewed and monitored by the Risk Function and escalated to designated management and Board committees, as necessary.

Risk Infrastructure and Policies

The Company's organizational structure and infrastructure is established to provide the necessary resources and risk systems to support comprehensive risk policies, operating standards, guidelines and processes. The Company endeavours to take a consistent approach to risk management across key risk types.

Risk management and oversight requirements are codified in a set of guiding documents composed of risk policies, operating standards and associated guidelines. This framework provides detailed and effective guidance across all risk management processes, promoting a consistent approach to risk management and oversight across the Company's business segments. These documents are regularly reviewed and approved by the Board of Directors, the Board Risk Committee or a senior management committee, following an established authority hierarchy. Each business segment maintains and develops similar policy structures to align with the Company's overall risk framework.

Principal Risk Categories

The Company's risk profile is impacted by a variety of risks and its risk management and independent oversight processes are tailored to the type, volatility and magnitude of each risk. The Company has defined specific risk management and oversight processes for risks, broadly grouped in the following categories:

1. Market and Liquidity Risk
2. Credit Risk
3. Insurance Risk
4. Operational Risk
5. Conduct Risk
6. Strategic Risk

Protecting the Company's reputation is a fundamental component of our RAF. Reputation risk is the risk of loss as a result of damage to the Company's image, brand and standing in the market due to negative public perception. Reputation risk is an overarching consideration across all identified risks within the Company's risk taxonomy. This approach ensures that potential impacts to reputation are evaluated and managed in conjunction with other risk categories, reinforcing the Company's commitment to maintain a positive reputation with customers, counterparties, creditors and other stakeholders.

Market and Liquidity Risk

Risk Description

Market risk is the potential loss due to changes in market rates and prices in various markets such as those for interest rates, real estate, currency and common shares. This risk arises from business activities including investment transactions which create on-balance sheet and off-balance sheet positions.

Liquidity risk is the risk of the Company's inability to generate the necessary funds to meet its obligations, including off-balance sheet commitments and obligations, as they come due.

Market and Liquidity Risk Management

The Company's Market & Liquidity Risk Policy outlines the framework and principles for managing market and liquidity risks. This policy is supported by other policies and guidelines that provide detailed guidance.

A governance structure is in place for the management of market and liquidity risk. Business units, including the Investment Division, are the ultimate owners of market and liquidity risk and as such have primary responsibility for the identification, measurement, management, monitoring and reporting of these risks. The Company has established risk limits and other measures to ensure compliance with the Company's RAF. The Risk Function works with business units and other oversight functions to identify current and emerging market and liquidity risks and take appropriate action, if required. A senior management committee provides oversight of market and liquidity risk, which includes reviewing and making recommendations regarding risk limits, risk policy and associated compliance, excess management and mitigation strategies.

Each business segment also has its own oversight and operating committees to manage market and liquidity risk within the segment.

The Company is exposed to market and liquidity risk as a consequence of its business model and seeks to mitigate the risks wherever practical. A wide range of risk mitigation techniques, including derivatives-based hedging, are used to manage market risks. Hedging programs include product-level hedging, tactical portfolio hedging and macro hedging. A general macro equity hedging program has been established. The macro hedge program is contingent and would be executed only in circumstances and at levels determined by the Company. To reduce liquidity risk, the Company maintains a high quality, diversified investment portfolio with sufficient liquidity to meet policyholder and financial obligations under normal and stress conditions.

Risks and risk management activities associated with the broad market and liquidity risk categories are detailed below.

Interest Rate Risk

Interest rate risk refers to the potential loss due to changes in future interest rates (risk-free rates and/or credit spreads) that affect cash flows of assets relative to liabilities as well as assets backing surplus. This risk also includes changes in the amount and timing of cash flows related to asset and liability optionality, including interest rate guarantees and book value surrender benefits in the liabilities.

The Company's main exposure to interest rate risk arises from certain general fund and segregated fund products. The Company's Asset Liability Management (ALM) strategy is designed to mitigate interest rate risks associated with general fund products, with the general approach being to match asset cash flows with insurance and investment contract obligations. Products with similar risk characteristics are managed together with asset portfolios supporting insurance and investment contract liabilities segmented to align with characteristics of the associated liabilities (e.g., cash flow patterns, crediting rate strategies and other product features).

For products with fixed and highly predictable benefit payments, investments are generally made in fixed income assets or investment properties whose cash flows closely match the liability product cash flows. Where assets are not available to match certain period cash flows, such as long-tail cash flows, a portion of these are invested in equities and other non-fixed income assets.

Hedging instruments are also employed when there is a lack of suitable permanent investments or to manage the level of loss exposure to interest rate changes.

For products with less predictable timing of benefit payments, investments are made in fixed income assets with cash flows of a shorter duration than the anticipated timing of benefit payments, or equities and other non-fixed income assets. The risk associated with the mismatch in portfolio duration and cash flow, asset prepayment exposure and the pace of asset acquisition are quantified and reviewed regularly.

For certain general fund products, the account values of the underlying policies increase through the application of crediting rates, or through policyholder dividends. Crediting rates and policyholder dividends are set taking into account interest rate risk, and many of these products share risks and returns with policyholders. However, a rapid rise in interest rates may adversely affect the Company if it needs to dispose of fixed income securities to meet contractual surrender benefits. Additionally, the value of most liquid assets and marketable securities, which are mainly fixed-income securities, would decrease when interest rates rise. The Company mitigates this risk through investment strategies and product design. The Company also maintains a high quality, diversified investment portfolio with a spread of asset maturities by year. Surrender terms are outlined in contracts and in the case of group contracts depend on whether an exit is driven by a plan or a plan participant, and the nature of a participant's exit. For example, plan terminations may be subject to delay conditions and discretionary withdrawals may have market value adjustments for exits payable immediately.

Company has several product-level hedging programs to manage interest rate risk, particularly for segregated fund and variable annuity products with guaranteed minimum withdrawal benefits. These dynamic hedging programs use derivative instruments, such as interest rate swaps, to offset changes in the economic value of liabilities. The hedge portfolios are regularly rebalanced within approved thresholds and rebalancing criteria.

A prolonged low interest rate environment may adversely impact the Company's earnings and capital and could impact the Company's business strategy. During periods of prolonged low interest rates, investment earnings may be lower because the interest earned on new fixed income investments will likely have declined with market interest rates and hedging costs may increase. Also, early repayment on investments such as mortgage-backed securities, asset-backed securities and callable bonds, could force reinvestment at lower yields, which will reduce investment margins. Lower interest rates also increase capital requirements for guaranteed products (e.g., Canada participating products), with non-linear sensitivity to market movements (sensitivity increases as interest rates decrease). The Company uses hedging strategies to partially offset this risk.

Where the Company's insurance and investment products have benefit or expense payments that are dependent on inflation (e.g. inflation-indexed annuities, pensions and disability claims), the Company manages the risk through product design (e.g., inflation caps and floors), and investment in index-linked and real return instruments.

Non-Fixed Income Risk

Non-Fixed Income (NFI) risk refers to the potential loss from changes in the level or the volatility of asset prices such as public and private equity, and real estate.

The Company's main exposure to equity risk comes from direct equity investments, equity guarantee risk and equity fee income risk associated with assets under management.

For very long-dated liabilities, it is not practical to match cash flows closely with fixed-income investments. Therefore, certain asset portfolios target an investment return sufficient to meet liability cash flows over the longer term with liabilities backed by a diversified portfolio of investments, including equity, real estate and long dated fixed-income instruments. To manage the related equity risk, the Company follows approved investment and risk policies, allowing for general fund investments in equity markets within defined limits.

Our product design process involves thoughtful consideration to prudent pricing, terms and guarantees. Most of the equity guarantees offered on the Company's segregated fund products are well out of the money, reflecting low risk profile (e.g., low level of guarantees, diversified age mix). To mitigate equity risk relating to segregated fund and variable annuity with guaranteed minimum withdrawal guarantees, the Company has established dynamic hedging programs. These programs use derivative instruments, such as the short selling of equity index futures, to protect against changes in the economic value of these liabilities. The hedge asset portfolios are regularly adjusted within set guidelines.

The Company's product-level hedging programs are supplemented by a general macro hedging strategy. The macro hedge program is contingent and would be executed only in circumstances and at levels determined by the Company. The objective of the program is to reduce the Company's exposure to equity tail-risk and to maintain overall capital sensitivity to equity market movements within Board approved risk appetite limits. The program is designed to hedge a portion of the Company's capital sensitivity due to movements in equity markets arising from sources outside of dynamically hedged segregated fund and variable annuity guaranteed withdrawal benefit exposures. There have been no macro hedge transactions executed and there are currently no assets supporting the macro hedge program.

Real estate losses can arise from fluctuations in the value of, or future cash flows from, the Company's investment in real estate. This risk affects both the Company's general fund assets and investments made on behalf of segregated fund policyholders. The Company's investment in real estate arises from direct holdings in real estate and through fixed income holdings backed by real estate (e.g., mortgages, mortgage-backed securities). Our real estate investments are well diversified by asset type, property type and location, and are generally focused on higher-quality properties.

Foreign Exchange Risk

Foreign exchange risk refers to the potential loss from changes in currency exchange rates against the Company's reporting currency. The Company's foreign exchange investment and risk management policies and practices are to match the currency of general fund investments with the currency of the underlying insurance and investment contract liabilities. The Company may use foreign exchange derivatives such as forward contracts and swaps to reduce currency risk where practical.

The Company also has net investments in foreign operations, meaning its revenues, expenses and income in currencies other than the Canadian dollar are affected by fluctuations in exchange rates. These fluctuations impact the Company's financial results. The Company is particularly exposed to the U.S. dollar due to operations in the United States, such as Empower and the Reinsurance business unit within the Capital and Risk Solutions segment; and to the British pound and euro from operations of business units within the Europe and Capital and Risk solutions segments.

Under IFRS, foreign currency gains and losses from net investments in foreign operations, after hedging and taxes, are recorded in accumulated other comprehensive income (loss). Changes in the Canadian dollar compared to the U.S. dollar, British pound and euro at end-of-period impacts the Company's total share capital and surplus. Correspondingly, the Company's book value per share and capital ratios monitored by rating agencies are also impacted.

- A 5% appreciation (depreciation) of the average exchange rate of the Canadian dollar to each of the U.S. dollar, euro and British pound would decrease (increase) net earnings in 2024 by $72 million, $26 million and $25 million, respectively.
- A 5% appreciation (depreciation) of the Canadian dollar end-of-period market rate compared to each of the U.S. dollar, British pound and euro end-of-period market rates would decrease (increase) the unrealized foreign currency translation gains[2], in accumulated other comprehensive income (loss) of shareholders' equity by approximately $557 million, $158 million and $75 million, respectively, as at December 31, 2024.

[2] Unrealized foreign currency translation gains (losses) include the impact of instruments designated as hedges of net investments on foreign operations.

To manage this volatility, the Company may use forward foreign currency contracts and foreign currency denominated debt to reduce the impact of currency fluctuations on its net investments in foreign operations. The Company also uses non-GAAP financial measures such as constant currency calculations to assist in communicating the effect of currency translation fluctuation on financial results.

Liquidity Risk

Liquidity risk is the risk of the Company's inability to generate the necessary funds to meet its obligations as they come due.

The Company’s liquidity risk management framework and limits are designed to ensure it can meet cash and collateral commitments as they fall due, both under normal conditions and in times of severe liquidity stress.

During such a stress, additional cash and collateral needs could arise from factors like increased policyholder withdrawals (refer to the “Interest Rate Risk” section of this document for additional details), derivative collateral demands, reinsurance obligations and loan renewals.

The Company has a low appetite for liquidity risk and seeks to mitigate the risk wherever possible.

The Corporation manages liquidity risk through product design, by maintaining adequate high-quality liquid assets (HQLA) including adequate eligible collateral (for derivative transactions) and by retaining access to committed banking facilities to ensure unexpected payments can be covered. Effective matching of asset and liability cashflows helps to reduce the need to utilize HQLA and banking facilities to make unexpected payments (including higher than expected claims or policy lapses).

Approximately 67% of the Company’s insurance and investment contract liabilities (measured based on carrying value and excluding liabilities held on account of segregated fund holders) are subject to discretionary withdrawal. These liabilities primarily come from U.S. general account and Canadian participating account businesses. The Company includes contract provisions that limit withdrawal rights on U.S. general account pension products sold to employee benefit plan sponsors. While plan participants can redeem at their account value, we have the right to make market value adjustments and/or delay payments for terminations of most plans at the plan sponsor level. Participating account policies provide insurance coverage over the lifetime of the policyholders which would be lost on surrender. The Company also maintains a high quality, diversified investment portfolio with a spread of asset maturities by year.

For segregated funds, contract terms are generally in place to reduce liquidity risk from discretionary withdrawals.

For further details on the Company's financial instrument risk management policies, refer to note 7 in the Company's December 31, 2024 annual consolidated financial statements.

Credit Risk

Risk Description

Credit risk refers to the potential loss from an obligor’s inability or unwillingness to fully meet its contractual obligations. This risk arises whenever funds are extended, committed or invested through actual or implied agreements. Credit risk includes several components: loan loss/principal risk, pre-settlement/replacement risk and settlement risk. Obligors include issuers, debtors, borrowers, brokers, policyholders, reinsurers, derivative counterparties and guarantors.

The Company faces credit exposure primarily from the purchase of fixed income securities, which are mainly used to support policyholder liabilities. It also manages financial contracts with counterparties, such as reinsurance agreements and derivative contracts, which are used to mitigate insurance and market risks or arise from direct business operations. The risk arising from these types of arrangements is included in the Company's measurement of its risk profile.

Credit Risk Management

The Company’s credit risk management framework is designed to minimize risk by avoiding excessive concentration of assets and conducting in-house credit analysis to assess and measure risks. This is supported by continuous monitoring and proactive management. Diversification is maintained through concentration limits based on factors such as asset class, issuer, credit rating, industry and geography, along with protocols for transaction approval. The Company regularly reviews its risk profile relative to its RAF and assesses how potential stress scenarios might affect it.

A governance structure oversees credit risk management. Business units, including Investment Management, are responsible for identifying, measuring, managing, monitoring and reporting credit risk. A senior management committee provides oversight by reviewing risks, setting risk limits and ensuring compliance. Each business segment has its own oversight and operating committees to help manage credit risk. The Company has established risk limits and other measures to ensure compliance with the Company's RAF.

The Company has also established specific policies, including Investment and Lending Policies with investment limits for each asset class, and a Credit Risk Policy that outlines the credit risk management framework. This policy is supported by other policies and guidelines that provide detailed guidance.

Credit risk is identified through an internal risk rating system, which assesses an obligor's creditworthiness based on business risks, financial profile, structural considerations and security characteristics including seniority and covenants. Ratings are assigned using a scale that is consistent with those used by external rating agencies. The Company's policies ensure internal ratings do not exceed the highest ratings provided by certain independent rating companies. The Risk Function reviews and approves the credit risk ratings for new investments and assesses the appropriateness of ratings for existing exposures.

The Risk Function assigns credit risk parameters (probabilities of default, rating transition rates, loss given default, exposures at default) to all credit exposures to measure the Company's aggregate credit risk profile. It also sets limits, conducts stress and scenario testing (both stochastic and deterministic) and ensures compliance with the RAF. Reports on the Company's credit risk profile are provided to executive management, the Risk Committee of the Board of Directors and other committees at different levels of the Company.

Investment Management and the Risk Function are responsible for monitoring exposures against limits and managing any excesses. Investment Management continuously monitors portfolios for changes in credit outlook and performs regular reviews of obligors and counterparties. These reviews combine bottom-up credit analysis with top-down views on the economy and assessment of industry and sub-sector outlooks. Watch lists monitor obligors experiencing heightened credit stress, allowing for appropriate risk mitigation strategies.

Counterparty Risk

Counterparties include both reinsurers and derivative counterparties.

The Company uses reinsurance to mitigate insurance risks, which increases credit risk due to the potential failure of reinsurance counterparties to fulfill their contractual obligations.

The financial soundness of reinsurers is reviewed regularly as part of an ongoing monitoring process. The minimum financial strength of reinsurers is outlined in the Reinsurance Risk Management Policy. To manage reinsurance credit risk, the Company aims for diversification and seeks protection through collateral or funds withheld arrangements where possible.

The Company enters into derivative contracts primarily to mitigate market risks. Derivative counterparty risk is the risk of loss if a derivative counterparty fails to meet its financial obligations under the contract. The Company trades derivative products through exchanges or with counterparties approved by the Board of Directors or the Investment Committee. To mitigate derivative credit risk, the Company diversifies its counterparties and uses collateral arrangements where possible. Additionally, potential future exposure from derivatives is included in the Company's measurement of total exposure against single name limits.

Insurance Risk

Risk Description

Insurance products involve commitments by the insurer to provide services and financial obligations with coverage for extended periods of time. To provide insurance protection effectively, the Company must design and price products so that the premiums received, along with investment income earned on those premiums, are sufficient to pay future claims and expenses. This involves making assumptions about expected income, claims, expenses, policyholder behaviour and market risks, which influence pricing and liabilities. As a result, the Company faces product design and pricing risks such as potential financial losses if actual costs and liabilities exceed the pricing expectations.

Insurance risk is the risk of loss due to unfavourable changes in experience associated with contractual promises and obligations arising from insurance contracts. This includes uncertainties related to the ultimate amount of net cash flows (such as premiums, commissions, claims, payouts and settlement costs), the timing of those cash flows and the impact of policyholder behaviour (such as policy lapses).

The Company recognizes six main types of insurance risk that may lead to financial losses: mortality risk, morbidity risk, longevity risk, policyholder behaviour risk, expense risk and property & casualty risk. Mortality, morbidity, longevity and expense risks are key business risks and managing these risks to create value is a core business activity. Policyholder behaviour risk is mainly associated with offering core products and is accepted as a consequence of the business model, with mitigation applied where appropriate. Property & casualty risk is selectively accepted, managed within defined risk limits and actively controlled.

Insurance Risk Management

A governance structure has been established for the management of insurance risk. Business units are responsible for identifying, measuring, managing, monitoring and reporting insurance risk. The Risk Function, supported by Corporate Actuarial, oversees the insurance risk management framework. The Company has an Insurance Risk Committee, which is a management committee that makes recommendations on insurance risk limits and policies, and reviews associated compliance and mitigation. Each business segment has its own committees that oversee and manage insurance risk (among other risks) within the segment.

The Company's Insurance Risk Policy sets out the insurance risk management framework and provides the principles for insurance risk management. This policy is supported by several other policies and guidelines that provide detailed guidance.

The Risk Function, in conjunction with the Actuarial Function, implements various processes to carry out its responsibility for oversight of insurance risk. The Risk Function assesses the insurance risk management processes of business units, such as product design and pricing, underwriting, claims adjudication, and reinsurance ceding and provides challenge as appropriate.

The Risk Function works with business units and other oversight functions to identify current and emerging insurance risks and take appropriate action, if required. Insurance risk limits, risk budgets and RFIs are established to ensure that the insurance risk profile aligns with the Company's risk appetite. The Risk Function regularly monitors the insurance risk profile and escalates any excesses for appropriate remediation. It performs stress testing and analysis of insurance risks, including review of experience studies and provides regular reporting on these activities to business units, senior management, and management-level risk oversight committees. The Risk Function also performs thematic reviews and enhances the monitoring and reporting of related risk exposures.

Risks and risk management activities associated with the broad insurance risk categories are detailed below.

Mortality and Morbidity Risk

Mortality risk refers to the potential for loss due to unfavourable changes in mortality rates, where an increase in mortality rates leads to a decrease in current and/or expected future earnings.

Morbidity risk refers to the potential for loss due to unfavourable changes in disability, health, dental, critical illness and other sickness rates where an increase in the incidence rate or a decrease in the disability recovery rate leads to a decrease in current and/or expected future earnings.

There is a possibility that the Company may misestimate mortality or morbidity levels or write business which generates worse mortality and morbidity experience than expected.

The Company employs the following practices to manage its mortality and morbidity risk:

- Regular research and analysis are conducted to establish pricing and valuation assumptions that reflect the insurance and reinsurance risks in markets where the Company operates.
- Underwriting limits, practices and policies are in place to manage risk exposure and ensure that the selection of insured risks aligns with claims expectations.
- The Company sets retention limits for mortality and morbidity risks, managing aggregate risk through a combination of reinsurance and capital market solutions to transfer the risk where appropriate.
- For group life products, exposure to a concentrated mortality event, due to concentration of risk in specific locations for example, could have an impact on financial results. To mitigate this risk, concentrations are monitored for new business and renewals. The Company may set single-event limits on certain group plans and may refrain from quoting in areas where aggregate risk is considered excessive.
- Effective plan design and claims adjudication practices are crucial for managing both morbidity and mortality risks. For example, for group healthcare products, inflation and utilization can affect claims costs, which can be challenging to predict. The Company addresses these factors through plan designs that specify the level of coverage and limit long-term price guarantees, allowing for regular re-pricing based on emerging experience.
- The Company manages large blocks of business, which, in aggregate, are expected to result in relatively low statistical fluctuations within any given period. For some policies, risks are shared with policyholders through adjustments to future premiums or, in the case of participating policies, through changes in future policyholder dividends.

Longevity Risk

Longevity risk refers to the potential for loss due to unfavourable changes in mortality rates, where a decrease in these rates leads to a decrease in current and/or future earnings. Annuities, certain segregated fund products with Guaranteed Minimum Withdrawal Benefits and longevity reinsurance are priced and valued based on the life expectancy of the annuitant. There is a risk that annuitants may live longer than was estimated by the Company, which would increase the value of the associated insurance contract liabilities.

Pricing for these products uses mortality assumptions based on recent Company and industry experience, as well as the latest research on developments that may impact expected future mortality.

Aggregate risk is managed through reinsurance to transfer risk when appropriate and by considering capital market solutions when necessary.

The Company has established processes to verify annuitants' eligibility for ongoing income benefits. These processes ensure that annuity payments accrue to those contractually entitled to receive them and help ensure mortality data used to develop pricing and valuation assumptions is as complete as possible.

Policyholder Behaviour Risk

Policyholder behaviour risk refers to the potential for loss due to unfavourable changes in the rates of policy lapses, terminations, renewals, surrenders or the exercise of embedded policy options.

Products are priced and valued based on the expected duration of contracts and the exercise of contractual options. There is a risk that contracts may be terminated earlier or later than anticipated in the pricing and design of the product. For contracts where higher costs are incurred in the early years, there is a risk of termination before those expenses can be recovered. Conversely, with certain long-term level premium products, where claims costs increase with age, there is risk that contracts may be terminated later than expected.

Business is priced using policy termination assumptions which consider product designs and policyholder options, recent Company and industry experience and the latest research on expected future trends. Assumptions are reviewed regularly and are updated as necessary for both pricing of new policies and valuation of in-force policies.

The Company also incorporates early surrender charges into certain contracts and incorporates commission chargebacks in its distribution agreements to reduce unrecovered expenses.

Policyholder taxation rules in many jurisdictions help encourage the retention of insurance coverage.

In addition to the risk associated with core product offerings, the Company also writes structured mass lapse reinsurance deals. These covers are designed to provide capital relief for our clients. Risks are managed by limiting the aggregate net cash payout as well as country and counterparty concentration. The Company also incorporates product features to mitigate risk (such as ability to cancel on relatively short notice and specified exclusions).

Expense Risk

Expense risk refers to the potential for loss due to unexpected changes in expenses related to fee-for-service business or the servicing and maintenance of insurance, savings or reinsurance contracts. This includes both direct expenses and allocations of overhead costs.

Expense management programs are regularly reviewed to ensure that expenses are controlled while providing effective service delivery.

Property & Casualty Risk

Property & casualty risk refers to the risk of loss due to unfavourable experience related to property catastrophes and other non-life coverages.

This risk is primarily associated with the Company's reinsurance assumed business and can be divided into two main categories:

- Property catastrophe risk: The Company primarily assumes this risk as a retrocessionaire. Participation is generally at significantly higher event or experience loss exposures than primary carriers and reinsurers. Generally, an event or experience of significant severity must occur prior to the Company incurring a claim. If a claim does occur, it may affect multiple reinsurance contracts.

  Risks are managed by limiting the total maximum claim amount across all contracts and regularly monitoring the claims experience of cedant companies. This information is incorporated into pricing processes to ensure that the Company is adequately compensated for the risk undertaken.

- Additional non-life risks: including motor, pet, third party liability, unemployment and title insurance. Treaties can take the form of coverage for particular lines of business or multiple lines of business. Risks are managed through risk limits established using a probable maximum loss approach. Treaties are on a structured basis which helps to mitigate risk exposures through mechanisms which may include maximum loss, loss carry forward and pricing margins. Given the range of risk exposures, these transactions are expected to provide significant diversification benefits, both among themselves and with the Company's other risk exposures.

Operational Risk

Risk Description

Operational risk refers to the potential loss due to issues with internal processes, people, and systems or from external events. This risk can arise from normal day-to-day operations or unexpected incidents and can lead to material financial losses and damage to reputation.

Operational Risk Management

The Company has processes in place to identify, assess, mitigate and manage operational risks. However, the Company's operations require multiple processes, systems and stakeholders to interact across the enterprise on an ongoing basis and operational risk is a natural feature of the Company's business model that cannot be fully eliminated.

The Company actively manages these risks to support operational resilience in key processes and services while maintaining a strong reputation and financial stability.

A governance structure is in place for managing operational risk, with business units being the ultimate owners responsible for identifying, measuring, managing, monitoring and reporting these risks. To oversee operational risk, the Company has established an Operational Risk Committee that reviews, reports, monitors risks and makes recommendations on risk limits, policies, and mitigation strategies. Each business segment has its own oversight committees and operating committees to assist in managing operational risk across their business.

The Company's Operational Risk Policy is supported by standards and guidelines for specialized functions. The Company applies controls for managing operational risk through integrated policies, procedures and processes, weighing the cost/benefit of each control. Business areas monitor and refine processes and controls, and the Company's Internal Audit department reviews them periodically. Financial reporting processes and controls are further examined by external auditors.

The Company uses a combination of operational risk management methods, including risk and control assessments, system of internal controls and risk event analyses. Risk and control assessments systematically identify potential operational risks and associated controls, while internal and external risk events are analyzed to identify root causes and recognize new potential risks. Scenario analysis is also used to identify and quantify severe operational risk exposures, and RFIs, risk appetite preferences, and other processes are leveraged to measure, manage, and monitor operational risks.

The Risk Function oversees the progress of risk mitigation to ensure that risk exposures are mitigated in a timely manner. Processes are in place to escalate significant matters to senior management to enable management to take appropriate action. The Risk Function regularly reports on the Company's operational risk profile to executive management, the Board of Directors and various committees at enterprise, business segment and legal entity levels.

The Company also manages operational risks through a corporate insurance program, which mitigates a portion of the operational risk exposure by purchasing insurance coverage that provides protection against unexpected material losses from events such as property loss, cyber-attacks or damage and liability exposures. Insurance protection is determined based on the Company's risk profile, risk appetite, risk tolerance, legal requirements and contractual obligations.

Key operational risks and the Company's approach to managing them are outlined below.

Technology Risk

Technology risk is the risk of loss from improper system or control design, improper operation, delivery of or unauthorized access to information and technology resources. This risk can significantly impact the Company's ability to operate efficiently, comply with regulations and maintain its financial integrity and reputation. Technology risk includes cyber and information security risk, technology operations risk and technology delivery risk.

Technology is critical to the Company's business operations and customer-focused digital strategy. The Company faces ongoing technology and cyber risks from legacy systems, technology constraints and the advancement of techniques used in cyber-attacks.

The Company continues to enhance risk management processes to improve the identification, measurement, management and reporting of technology risk, including emerging technologies such as artificial intelligence. As technology and business needs evolve, the Company's strategy to manage technology and cyber risks includes policies that govern the technology environment and establish standards for information security, including:

- multiple layers of technology designed to prevent unauthorized access, ransomware, distributed denial of service and other cyber-attacks;
- coordinated global and regional information security offices that collect threat intelligence, detect, monitor and respond to security events and conduct regular threat and vulnerability assessments;
- independent oversight by Technology Risk Management team, an independent group, providing a second line of defense by assessing mitigation efforts for technology and cyber-risks; and
- regular cyber security awareness sessions and mandatory training for all employees.

Business Continuity Risk

Business continuity risk is the risk of loss as a result of the failure to provide for business processes and operations during adverse events. These events can be natural, technological or human caused events involving the loss of workplace, workforce, technology or supply chain disruptions. Business continuity risk also includes the risk of loss resulting from the reduction or non-availability of corporate facilities or physical assets.

A business continuity risk management framework has been implemented to manage business continuity risks. This framework focuses on four key areas: emergency response, incident and crisis management, business continuity and technology resilience which includes disaster recovery. It is supported by ongoing development, testing, training and maintenance to ensure its effectiveness.

Process & Reporting Risk

Process and reporting risk is the risk of loss or material error due to inadequate or failed business processes or financial reporting. These processes include transaction processing, product development and introduction, new business (including distribution and sales), renewals (including underwriting), investment activities, client administration, claims and benefit payments, data aggregation, financial reporting, modelling and financial management. Such inadequacies may result from issues in governance, oversight, communication or general process management.

Process and reporting risks are an inherent part of doing business. The Company manages these risks through a control environment for core processes which uses automation, standardization and process improvements to prevent or minimize operational losses.

Fraud Risk

Fraud risk is defined as the risk of loss due to acts by customers, suppliers, advisors, directors, officers, employees, on-site contractors or other third parties that are intended to defraud, misappropriate assets, or circumvent laws or regulations. This risk is increasing for financial institutions due to financial pressures that may drive fraudulent behaviour and the growing sophistication of organized and cyber fraud methods. Fraud can result in financial losses or harm the Company’s reputation and negatively affect customers and other stakeholders.

The Company has implemented a formal program with governance, principles and process requirements outlined in a Fraud Risk Management Policy and Operating Standard, to prevent, detect, investigate and address fraud in a timely manner. Additionally, the Code of Conduct and Fraud Risk Management Policy emphasize management’s commitment to integrity and fostering strong fraud risk awareness.

Supplier Risk

Supplier (third party) risk is the risk of loss due to inadequate supplier arrangements, transactions or interactions that fail to meet expected or contracted service levels. This risk applies to external and internal suppliers.

The Company strategically engages suppliers to maintain cost efficiency, optimize internal resources and capital and access skills, expertise and resources not otherwise available. Supplier engagements follow the principles outlined in our Supplier Risk Management Policy. The Company uses a risk management framework and mitigation activities, such as risk assessments and due diligence, to manage and monitor supplier risk throughout the supplier lifecycle, including how they meet service standards and protect stakeholders and the interests of the Company.

Legal and Regulatory Compliance Risk

Legal and regulatory risk is the risk of loss from non-compliance with local or international laws, regulations, or industry standards, as well as civil or criminal litigation involving the Company. As a multi-national enterprise, the Company and its subsidiaries are subject to extensive legal and regulatory requirements in the jurisdictions in which we operate, including Canada, the U.S., the U.K., Ireland and Germany. These requirements cover areas such as capital adequacy, privacy, financial crime, liquidity and solvency, investments, the sale and marketing of insurance and wealth products, obligations to consumers, business conduct of insurers, asset managers and investment advisors as well as reinsurance processes. Material changes in legal or regulatory frameworks, or non-compliance, could negatively impact the Company. An increase in the pace of regulatory change may also increase operational costs to maintain compliance.

The Company manages legal and regulatory risk through coordinated efforts between first and second line of defense functions. The Company records, manages and monitors the regulatory compliance environment closely, using the subject matter expertise of both local and enterprise-wide Compliance and Legal stakeholders and reporting on emerging changes that could have a significant impact on the Company’s operations or business.

The Company also faces risks of litigation and regulatory actions relating to its business, operations, products, securities and contractual relationships and it establishes contingency reserves for litigation that it determines are appropriate.

People Risk

People risk is the risk of loss due to inadequate management of human capital or misalignment between human resource policies, programs and practices and employment-related legislation, regulatory expectations or the Company’s strategic objectives, risk appetite and values. To manage these risks the Company has established compensation programs, succession planning, talent management and employee engagement processes. These are designed to support a high-performance culture and maintain a skilled, diverse workforce that reflects the cultures and practices of the countries in which the Company operates. The Company's ability to recognize and adapt to evolving industry trends in human resource strategies is essential to successfully execute its business strategies.

Model Risk/End-user-computing (EUC) Risk

Model / EUC risk is the risk of negative outcomes from decisions based on inaccurate models or EUCs, or from misuse of their outputs and reports. This risk can result in financial loss, poor business and strategic decisions, and harm to the Company’s reputation or standing, potentially affecting customer, counterparty, shareholder or regulatory perceptions of the Company.

The Company prioritizes mitigation and control efforts to limit adverse outcomes from models or EUCs not functioning as intended, following a risk-based approach. This includes establishing controls throughout the model / EUC lifecycle (development, maintenance and ongoing use), regularly updating model and EUC inventories according to risk classifications, and conducting independent reviews of models and EUCs within risk-based review cycles.

Conduct Risk

Risk Description

Conduct risk is the risk that customers may experience unfair outcomes due to inadequate or failed processes, or inappropriate actions or offerings by the Company or its representatives. If conduct risk is not identified and managed, it can harm customers and lead to financial, reputational and regulatory risk for the Company, including potential for remediation costs and regulatory fines.

Conduct Risk Management

The Company manages conduct risk through several key processes, including:

- formal policies, frameworks, employee training and report to senior management;
- clear and appropriate disclosures and communications for customers;
- designing, selling and providing advice on products and handling complaints and claims, with a focus on customer outcomes and any vulnerabilities; and
- conducting risk-based assessments of advisors, suitability reviews and maintaining controls according to Board-approved policies, such as the Conduct Risk Policy and Code of Conduct.

Conduct risk is incorporated in risk management and compliance activities, including risk and control self-assessments, internal event reporting, emerging risk assessments and other measurement, monitoring and reporting activities.

Strategic Risk

Risk Description

Strategic risk is the risk of failing to set or achieve appropriate strategic objectives, considering internal and external environments, which could materially impact business performance (e.g. earnings, capital, reputation or standing).

The Company may take on strategic risk intentionally, to grow the business, or it may emerge as an unintended consequence of business strategy, its execution, or from inadequate resilience to external forces. It includes both the risks of the strategy and the risks to the strategy – that is, the risks associated with the entire strategy management lifecycle, from development to execution.

Strategic Risk Management

The Company’s Strategic Risk Management Framework is designed to identify, measure, manage, monitor and report on strategic risk, supported by Policies, Standards and Guidelines across both first and second lines of defense.

Strategic risk management includes strategy development and refinement, translating strategy into tangible activities, aligning resources to meet strategic needs, executing the strategy and continuously monitoring and adjusting strategies as needed. Strategic risks are monitored throughout the strategy management lifecycle.

The Company aligns business strategies with its risk appetite and mitigates strategic risk exposure through strategic planning, performance indicators, reporting on strategy execution and ongoing monitoring, along with robust oversight and challenge.

Strategic risks are managed for both new and existing strategies, initiatives, and new business developments that may impact the business or overall portfolio significantly. Major initiatives undergo a comprehensive risk assessment to review alignment with risk appetite and are subject to ongoing, robust monitoring and oversight.

Sustainability Risk

Sustainability risk is the risk of loss or other negative impacts resulting from environmental, social or governance factors. This includes the risk of loss or negative impacts from the inability or failure to adequately prepare for the transition to a lower-carbon economy or for the physical impacts of a changing environment and from failing to set and maintain strategies to manage the business in response to changes in social factors. The Company recognizes that attitudes towards environmental and societal issues are dynamic and continue to evolve. The Company takes a balanced approach to conducting business by considering sustainability risk and incorporating resilience into our strategies and operations.

Sustainability risk underlies all risk types, both financial (market, credit and insurance) and non-financial (operational, conduct and strategic). As a result, the processes for managing sustainability risk are embedded in the processes for managing each risk type.

The Company has established a climate risk management policy that articulates the principles guiding the Company's approach to climate risk and sets out the necessary requirements for its effective management. In addition, the Company has established environmental policies and guidelines pertaining to the acquisition and ongoing management of investment properties, loans secured by real property and investments in equity and fixed-income securities.

Holding Company Structure Risk

As a holding company, the Company's ability to pay interest, dividends and other operating expenses and to meet its obligations depends upon receipt of sufficient funds from its subsidiaries and its ability to raise additional capital.

In the event of bankruptcy, liquidation or reorganization of any of its subsidiaries, the insurance and investment contract liabilities of these subsidiaries will be completely provided for before any assets are made available for distribution from the subsidiary to the Company. Additionally, other creditors of these subsidiaries generally have priority over the Company in receiving payments unless the Company is recognized as a creditor of the relevant subsidiaries.

Payments from subsidiaries, including interest and dividends, are subject to restrictions under insurance, securities, corporate and other laws and regulations, which require Canada Life, Empower and their subsidiaries to maintain solvency and capital standards. There are considerable risks and benefits related to this structure.

Management monitors the solvency and capital positions of subsidiaries relative to liquidity requirements of the holding company. Management also maintains lines of credit for additional liquidity and can access capital markets if needed. Additionally, management monitors compliance with the regulatory requirements at both the holding company and operating company levels.

Mergers and Acquisitions Risk

The Company and its subsidiaries periodically evaluate existing companies, businesses, assets, products and services. These reviews may result in the Company or its subsidiaries acquiring or divesting of businesses or assets. In the ordinary course of business, the Company considers the purchase or sale of companies, business segments or assets.

If transactions occur, they 1) could be material to the Company in size or scope, 2) could result in risks and contingencies relating to companies, businesses or assets that the Company acquires or expose it to the risk of claims relating to those it has divested, 3) could result in changes in the value of the securities of the Company, including the common shares of the Company, and 4) could result in the Company holding additional capital for contingencies that arise after the transaction is completed. Strategic and integration risks related to mergers and acquisitions can also emerge due to external risks that are difficult to anticipate and may result in reduced synergies and negative impact on value capture.

To mitigate these risks, the Company conducts due diligence on potential transactions and risks are assessed in the context of our Risk Appetite. For acquisitions, an integration strategy is established that considers the values, norms and culture of the target company, including monitoring of new and emerging risks that may impede efficiency and delay the consolidation process. Before acquiring or divesting companies, businesses, business segments, or assets, management evaluates and ensures that systems and processes are in place to manage risks after transaction completion. Additionally, regular monitoring and oversight of transaction activities is conducted.

Tax Regime Risk

The Company operates in a number of countries encompassing various levels of government and a range of tax mechanisms, such as income taxes, capital taxes, payroll taxes, value added taxes, sales taxes, etc. Furthermore, each country may provide tax incentives for certain types of products (e.g. pensions, retirement savings and life & health insurance). These jurisdictions periodically review and amend various aspects of their tax regimes which can have an impact on the business of the Company.

There is a risk that changes to tax rates may increase the tax expense to the Company, adversely impacting earnings. There is also a risk that a reduction or elimination in the level of tax incentives on products offered by the Company may adversely impact demand for those products.

The Organization for Economic Co-Operation and Development (OECD) introduced a 15% Global Minimum Tax (GMT) regime that has been adopted for 2024 by all countries in which the Company has significant operations, other than the U.S. Legislation has been enacted in Canada, Barbados, Germany, Ireland, the U.K. and Switzerland with an effective date of January 1, 2024 and by the Isle of Man with an effective date of January 1, 2025.

The GMT is complex in nature and applies to Lifeco as part of a larger group of related companies. The Company is liable for GMT in respect of Barbados, Ireland, the Isle of Man and Switzerland, jurisdictions where the statutory tax rates are below 15%. Although the determination of the actual GMT liability depends on a number of factors, the Company expects the GMT impact in future years to be an increase to the effective income tax rate on base earnings in the 2-4% range, compared to pre-GMT levels.

Management actively monitors tax changes in countries where it has operations and proactively responds to those tax changes that may potentially impact its business.

Refer to the "Taxes" section of this document for additional details.

Product Distribution Risk

Product distribution risk is the risk of loss if the Company cannot effectively market its products through its network of distribution channels and intermediaries. These intermediaries often offer competing products and are not obligated to continue working with the Company. Losing access to a distribution channel, failing to maintain effective relationships with intermediaries, or not adapting to changes in distribution channels could significantly impact the Company’s sales.

Product distribution risk is managed by maintaining a broad network of distribution relationships, with products distributed through numerous broker-dealers, managing general agencies, financial planners, banks and other financial institutions.

Geopolitical Risk

Geopolitical risk is the risk of loss and uncertainty arising from political, economic and social factors on the Company's operations, investments and financial performance across geographic regions. These risks may include changes in government policies, regulatory environments, trade relation, civil unrest, terrorism and other geopolitical events that can affect the stability and predictability of markets in which the Company operates. The Company continues to monitor potential impacts of recent geopolitical conflicts.

Exposures and Sensitivities

Insurance and Investment Contract Liabilities

In determining the Company’s insurance contract liabilities, valuation assumptions are made regarding rates of mortality/morbidity, investment returns, levels of operating expenses, rates of policy termination and rates of utilization of elective policy options or provisions. When the assumptions are revised to reflect emerging experience or change in outlook, the result is a change in the value of liabilities which in turn affects the Company’s earnings.

Non-Financial Exposures and Sensitivities

The earnings and CSM sensitivities illustrated in the table below represent impacts as at December 31, 2024 under the Company's current accounting policies, including accounting for insurance contracts and financial instruments. A description of the methodologies used to calculate the Company's insurance risk sensitivities is included in the "Summary of Critical Accounting Estimates" section of this document.

Non-Financial Exposures and Sensitivities

	Net earnings & equity		CSM[1]	
	Before reinsurance	Net of reinsurance held	Before reinsurance	Net of reinsurance held
December 31, 2024				
2% Life mortality increase	$ (100)	$ (100)	$ (350)	$ (175)
2% Annuity mortality decrease	200	175	(725)	(650)
5% Morbidity adverse change	(150)	(125)	(200)	(100)
5% Expense increase	—	—	(125)	(150)
10% Adverse change in policy termination and renewal	(50)	—	(850)	(850)
December 31, 2023				
2% Life mortality increase	$ (100)	$ (100)	$ (375)	$ (200)
2% Annuity mortality decrease	175	150	(700)	(625)
5% Morbidity adverse change	(150)	(125)	(225)	(100)
5% Expense increase	—	—	(150)	(150)
10% Adverse change in policy termination and renewal	50	50	(1,025)	(950)

[1] The impacts to the contractual service margin (CSM) are pre-tax.

These sensitivities reflect the impact on earnings and CSM of an immediate change in assumptions on the value of insurance and reinsurance held contracts and investment contracts. The impact on shareholders' equity is equal to the net earnings impact.

Assumption changes on insurance risks directly impact CSM, for contracts which have CSM. The impact of assumption changes on CSM are measured at locked-in discount rates, for contracts measured under the General Measurement Model. Net earnings impacts arise from the fair value impact of assumption changes impacting CSM, as well as assumption changes on contracts which do not have CSM (including short term insurance contracts). The fair value impact of CSM assumption changes included in earnings is a second-order impact which captures the present value difference between the impact of assumption changes measured at prevailing discount rates and locked-in discount rates. In general, prevailing discount rates are currently higher than locked-in rates for the Company's insurance contracts. Therefore, an unfavourable change in assumptions on insurance risks, which decreases CSM, also results in a positive impact in the period due to the fair value impact.

Concentration risk may arise from geographic regions, accumulation of risks and market risk. The concentration of insurance risk before and after reinsurance by geographic region is described in the segmented information note 33.

Financial Exposures and Sensitivities

The following table illustrates the approximate impact to the Company's shareholders' net earnings that would arise as a result of changes to management's best estimate of certain assumptions. A description of the methodologies used to calculate the Company's financial risk sensitivities is included in the "Summary of Critical Accounting Estimates" section of this document. For changes in financial assumptions, the sensitivity is shown net of the corresponding impact on earnings of the change in the value of liabilities and the value of assets supporting liabilities.

The impact to shareholders' net earnings from an immediate 50 basis point increase or decrease in credit spreads is illustrated in the table below, with no change to the ultimate illiquidity premium. Actual impacts of credit spread changes will vary depending on the geographies where the changes occur, and the changes in credit spreads by term. A change in credit spreads may also lead to a change in the allowance for credit risk within the discount rate, depending on prevailing market and credit conditions at the time; any potential earnings impacts that may arise from such a change are not reflected in the sensitivities below.

On January 1, 2024, the Company completed the sale of Putnam Investments and currently holds approximately 31,600,000 Franklin Templeton shares as part of the consideration, which are classified as fair value through other comprehensive income (FVOCI). The Company has agreed to hold a majority of these shares until at least January 1, 2029.

Financial Exposures and Sensitivities

	Net earnings		Equity[1]		CSM[2]		LICAT[3]	
	Dec. 31 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Investment returns:								
Change in risk free interest rates								
50 basis points increase	$ 125	$ 175	$ 75	$ 150	$ 50	$ 175	(1 point)	0 point
50 basis points decrease	(150)	(225)	(125)	(225)	(100)	(250)	< 1 point	0 point
Change in credit spreads								
50 basis points increase	$ 250	$ 300	$ 325	$ 350	$ 50	$ 175	0 point	1 point
50 basis points decrease	(300)	(375)	(400)	(450)	(75)	(250)	< (1 point)	(1 point)
Change in publicly traded common stock values[1]								
20% increase	$ 100	$ 225	$ 525	$ 525	$ 450	$ 525	(1 point)	0 point
10% increase	50	100	250	250	225	275	< (1 point)	0 point
10% decrease	(50)	(100)	(250)	(250)	(225)	(300)	< 1 point	0 point
20% decrease	(100)	(225)	(525)	(525)	(425)	(550)	< (1 point)	(1 point)
Change in other non-fixed income asset values								
10% increase	$ 425	$ 400	$ 475	$ 450	$ —	$ —	1 point	1 point
5% increase	225	200	250	225	—	—	< 1 point	< 1 point
5% decrease	(225)	(200)	(250)	(225)	—	—	< (1 point)	< (1 point)
10% decrease	(450)	(425)	(500)	(450)	—	—	(1 point)	(1 point)

1 The net impact of the sale of Putnam Investments and the receipt of Franklin Templeton common shares is reflected in the December 31, 2024 values in the table above. The Franklin Templeton common shares are measured at FVOCI and therefore unrealized gains and losses do not impact shareholders' net earnings. The after-tax impact on shareholders' equity of the Franklin Templeton common shares is approximately $75 million for every 10% change in the common stock equity value.

2 The impacts to the total contractual service margin are pre-tax.

3 LICAT sensitivities should be viewed as directional estimates only of the underlying sensitivities for the respective factors. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on the Canada Life consolidated LICAT Ratio will be as indicated. LICAT sensitivities are rounded to the nearest point, are prepared on a LICAT 2024 Guideline basis and may change under the LICAT 2025 OSFI Guideline which comes into effect during the first quarter of 2025.

The sensitivities above reflect the immediate impacts of shareholders' net earnings, shareholders' equity and the LICAT ratio from market movements.

Actual impacts of interest rate changes will vary depending upon the geography where the changes occur. Net earnings are positively impacted by a parallel increase in interest rates and credit spreads in Canada, U.K. and the U.S., and are positively impacted by a parallel decrease in interest rates in the eurozone. Actual impacts of interest rate changes also vary by the level of change in interest rates by term. Therefore, actual impacts from interest rate changes may differ from the estimated impact of parallel movements in all geographies, which is presented above.

The potential impact on shareholders' net earnings of the Company does not take into account any future potential changes to the Company's ultimate investment rate (UIR) assumptions. As at both December 31, 2024 and December 31, 2023, the sensitivity of shareholders' net earnings of the Company to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of $25 million or a decrease of $25 million post-tax, respectively. In addition, as at December 31, 2024, the sensitivity of the CSM of the Company to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of $50 million or a decrease of $50 million pre-tax, respectively. At December 31, 2023 the sensitivity of the CSM of the Company to a 10 basis point increase or decrease in the UIR in all geographies would have been an increase of $75 million or a decrease of $75 million pre-tax, respectively.

Refer to the "Accounting Policies - Summary of Critical Accounting Estimates" and "Capital Management and Adequacy" sections of this document for additional information on earnings and LICAT sensitivities.

Accounting Policies

Summary of Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenue and expenses during the reporting period. The results of the Company reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities, investment properties and foreign exchange and prevailing health and mortality experience. The fair value of portfolio investments, the valuation of goodwill and other intangible assets, the valuation of insurance contract liabilities and the recoverability of deferred tax asset carrying values reflect management's judgement based on current expectations but could be impacted in the future depending on current market developments.

Fair Value Measurement

Refer to note 8 in the Company's annual consolidated financial statements for the year ended December 31, 2024 for disclosure of the Company's financial instruments fair value measurement by hierarchy level as at December 31, 2024.

The following is a description of the methodologies used to value instruments carried at fair value:

Bonds - FVTPL and FVOCI

Fair values for bonds measured as FVTPL or FVOCI are determined with reference to quoted market bid prices primarily provided by third-party independent pricing sources. Where prices are not quoted in an active market, fair values are determined by valuation models. The Company maximizes the use of observable inputs when measuring fair value. The Company obtains quoted prices in active markets, when available, for identical assets at the balance sheet date to measure bonds at fair value in its FVTPL and FVOCI portfolios.

The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as 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 and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Mortgages - FVTPL and FVOCI

There are no market observable prices for mortgages; therefore fair values for mortgages are determined by discounting expected future cash flows using current market rates for similar instruments. Valuation inputs typically include benchmark yields and risk-adjusted spreads based on current lending activities and market activity.

Equity Release Mortgages - FVTPL

There are no market observable prices for equity release mortgages; therefore an internal valuation model is used for discounting expected future cash flows and includes consideration of the embedded no negative equity guarantee. Inputs to the model include market observable inputs such as benchmark yields and risk-adjusted spreads. Non-market observable inputs include property growth and volatility rates, expected rates of voluntary redemptions, death, moving to long term care and interest cessation assumptions and the value of the no negative equity guarantee.

Stocks - FVTPL and FVOCI

Fair values for stocks traded on an active market are generally determined by the last bid price for the security from the exchange where it is principally traded. Fair values for stocks for which there is no active market are typically based upon alternative valuation techniques such as discounted cash flow analysis, review of price movement relative to the market and utilization of information provided by the underlying investment manager. The Company maximizes the use of observable inputs when measuring fair value. The Company obtains quoted prices in active markets, when available, for identical assets at the balance sheet date to measure stocks at fair value in its FVTPL and FVOCI portfolio.

Investment Properties

Fair values for investment properties are determined using independent qualified appraisal services and include management adjustments for material changes in property cash flows, capital expenditures or general market conditions in the interim period between appraisals. The determination of the fair value of investment property requires the use of estimates including future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market conditions. Investment property under construction is valued at fair value if such values can be reliably determined; otherwise they are recorded at cost.

Goodwill and Intangibles Impairment Testing

Goodwill and indefinite life intangible assets, including those resulting from an acquisition during the year, are tested for impairment annually or more frequently if events indicate that impairment may have occurred. Intangible assets that were previously impaired are reviewed at each reporting date for evidence of reversal. In the event that certain conditions have been met, the Company would be required to reverse the impairment loss or a portion thereof.

Goodwill has been allocated to cash generating unit (CGU) groupings, representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill is tested for impairment by comparing the carrying value of each CGU grouping to its recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Intangible assets have been allocated to CGUs, representing the lowest level that the assets are monitored for internal reporting purposes.

Intangible assets with an indefinite useful life are reviewed annually to determine if there are indicators of impairment. If indicators of impairment have been identified, a test for impairment is performed and recognized as necessary. Impairment is assessed by comparing the carrying values of the assets to their recoverable amounts. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the asset’s fair value less costs of disposal and value-in-use.

Finite life intangible assets are reviewed annually to determine if there are indicators of impairment and assess whether the amortization periods and methods are appropriate. If indicators of impairment have been identified, a test for impairment is performed and then the amortization of these assets is adjusted or impairment is recognized as necessary.

Expected Credit Losses (ECL)

Expected credit loss (ECL) allowances are recognized on all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI.

The ECL allowance is based on a probability-weighted estimate of credit losses expected as a result of defaults over the relevant time period as prescribed under the ECL model, which is a three-stage impairment approach.

Performing financial assets that have not experienced a significant increase in credit risk since initial recognition or have low credit risk are categorized into stage 1. A 12-month ECL allowance is calculated for stage 1 financial assets.

Performing financial assets that have experienced a significant increase in credit risk since initial recognition are categorized into stage 2. A lifetime ECL allowance is calculated for stage 2 financial assets.

Impaired financial assets are categorized into stage 3 and require a lifetime ECL allowance.

The Company monitors all financial assets that are subject to impairment for significant increases in credit risk. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Insurance, Reinsurance Held and Investment Contract Liabilities

In the computation of insurance contract liabilities, valuation assumptions have been made regarding rates of mortality/ morbidity, investment returns, levels of operating expenses, rates of policy termination and rates of utilization of elective policy options or provisions. The valuation assumptions use best estimates of future experience together with a risk adjustment for non-financial risk. The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing uncertainty in the amount and timing of insurance contract cash flows due to non-financial risk. Risk adjustments for non-financial risk are reviewed periodically for continued appropriateness.

The Company measures the estimates of the present value of future cash flows for reinsurance held using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer.

Investment contract liabilities are measured at fair value determined using discount rates derived from a reference portfolio or stochastic modeling at end of the reporting period. The Company’s main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

The methods for arriving at these valuation assumptions are outlined below:

Mortality – A life insurance mortality study is carried out regularly for each major block of insurance business. The results of each study are used to update the Company’s experience valuation mortality tables for that business. Annuitant mortality is also studied regularly, and the results are used to modify established annuitant mortality tables. When there is insufficient data, use is made of the latest industry experience to derive an appropriate valuation mortality assumption. Improvement scales for life insurance and annuitant mortality are updated periodically based on population and industry studies, product specific considerations, as well as professional guidance. In addition, appropriate provisions are made for future mortality deterioration on term insurance.

Morbidity – The Company uses industry developed experience tables modified to reflect emerging Company experience. Both claim incidence and termination are monitored regularly, and emerging experience is factored into the current valuation.

Expenses – Expenses for certain items, such as sales commissions and policy taxes and fees are either contractual or specified by law, and so they are only reflected on a best estimate basis in the liability. Operating expenses, such as policy and claims administration as well as overhead, are more variable. The Company produces expense studies for operating expenses regularly to determine an appropriate estimate of future operating expenses for the liability type being valued. An inflation assumption is incorporated in the estimate of future operating expenses held within the liability.

Policy termination – Studies to determine rates of policy termination are updated regularly to form the basis of this estimate. Industry data is also available and is useful where the Company has no experience with specific types of policies or its exposure is limited. The Company's most significant exposures are in respect of the T-100 and Level Cost of Insurance Universal Life products in Canada and policy renewal rates at the end of the term for renewable term policies in Canada and Capital and Risk Solutions. Industry experience has guided the Company's assumptions for these products as its own experience is limited.

Property and casualty reinsurance – Insurance contract liabilities for property and casualty reinsurance written by Capital and Risk Solutions are determined using accepted actuarial practices for property and casualty insurers in Canada. The insurance contract liabilities are based on cession statements provided by ceding companies. In addition, insurance contract liabilities also include an amount for incurred but not reported losses, which may differ significantly from the ultimate loss development. The estimates and underlying methodology are continually reviewed and updated and adjustments to estimates are reflected in net earnings. Capital and Risk Solutions analyzes the emergence of claims experience against expected assumptions for each reinsurance contract separately and at the portfolio level. If necessary, a more in-depth analysis is undertaken of the cedant experience.

Utilization of elective policy options – There are a wide range of elective options embedded in the policies issued by the Company. Examples include term renewals, conversion to whole life insurance (term insurance), settlement annuity purchase at guaranteed rates (deposit annuities) and guarantee re-sets (segregated fund maturity guarantees). The assumed rates of utilization are based on Company or industry experience when it exists and otherwise based on judgement considering incentives to utilize the option. Generally, whenever it is clearly in the best interests of an informed policyholder to utilize an option, then it is assumed to be elected.

Policyholder dividends and adjustable policy features – Future policyholder dividends and other adjustable policy features are included in the determination of insurance contract liabilities with the assumption that policyholder dividends or adjustable benefits will change in the future in response to the relevant experience. The dividend and policy adjustments are determined consistent with policyholders’ reasonable expectations, such expectations being influenced by the participating policyholder dividend policies and/or policyholder communications, marketing material and past practice. It is the Company's expectation that changes will occur in policyholder dividend scales or adjustable benefits for participating or adjustable business respectively, corresponding to changes in the best estimate assumptions, resulting in an immaterial net change in insurance contract liabilities. Where underlying guarantees may limit the ability to pass all of this experience back to the policyholder, the impact of this non-adjustability impacting shareholders' net earnings is reflected in the impacts of changes in best estimate assumptions.

Investment returns – Interest rate risk is managed by investing in assets that are suitable for the products sold. The Company utilizes a formal process for managing the matching of assets and liabilities. This involves grouping general fund assets and liabilities into segments. Assets in each segment are managed in relation to the liabilities in the segment.

The impact to shareholders' net earnings from changes in the interest rates would be largely offset by changes in the value of financial assets supporting the liabilities. However, differences in the interest rate sensitivity in the value of assets and the value of insurance and investment contract liabilities leads to a sensitivity to interest rate movements in net earnings. The Company’s asset liability management strategy uses equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in the net earnings. Further, the classification of financial assets, for example, mortgage assets which are valued at amortized cost and held in the general fund assets supporting liabilities, also contributes to interest rate exposure in net earnings.

A way of measuring the interest rate risk is to determine the net effect on the value of assets relative to insurance and investment contract liabilities that impact the shareholders' net earnings of the Company from immediate change in interest rates.

In addition to interest rates, the Company is also exposed to movements in equity markets.

Some insurance and investment contract liabilities with long-tail cash flows are supported by publicly traded common stocks and investments in other non-fixed income assets, primarily comprised of investment properties, real estate funds, private stocks, and equity release mortgages. Net earnings will reflect changes in the values on non-fixed income assets. However, in most cases the value of the liabilities will not fluctuate with changes in the value of the non-fixed income assets.

The liabilities for other products such as segregated fund products with guarantees also fluctuate with equity values. Under current market conditions, there are no earnings impacts to the Company on segregated fund business that it does not hedge, as changes in the cost of guarantees are fully offset within the CSM. For segregated fund business that the Company hedges, there is a limited earnings impact with respect to the change in liability compared to the change in hedge assets.

For a further description of the Company's sensitivity to equity market, interest rate and other fluctuations, refer to "Financial Instruments Risk Management" note 7 in the Company's annual consolidated financial statements for the period ended December 31, 2024.

Risk Adjustment

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing uncertainty in the amount and timing of insurance contract cash flows due to non-financial risk. Non-financial risks are insurance risks such as life mortality, annuity mortality and morbidity, and other risks such as expense and lapse. The risk adjustment is calculated by applying a margin to non-financial assumptions and discounting the resulting margin cash flows at the same discount rates as the best estimate cash flows. The margins applied reflect diversification benefits across all non-financial risks. The Company’s target range for the confidence level of the risk adjustment is between the 85th and 90th percentile, and the risk adjustment is currently within the target range. The confidence level is determined on a net-of-reinsurance basis.

Discount Rates

The Company measures time value of money using discount rates that are consistent with observable market prices and reflect the liquidity characteristics of the insurance contracts. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk).

The Company applies the top-down approach for insurance contract liabilities with backing assets. Under this approach, discount rates are estimated by starting from the yield curve implied in a reference portfolio of assets that closely reflects the duration, currency, and liquidity characteristics of the insurance cash flows, and then excluding the effects of risks (e.g., credit risk) present in the cash flows from the financial instruments that are part of the reference portfolio, but not in the insurance contracts cash flows. The allowance for credit risk in the discount rate varies depending on the credit rating, sector and term of the assets reflected in the discount rate. The allowance is estimated based on historic credit experience and prevailing market conditions. For example, if there is a significant widening of market credit spreads, an additional allowance for credit risk to reduce the discount rate may be required to reflect prevailing market conditions. The Company uses the fixed-income assets supporting the insurance contract liabilities as the reference portfolio to determine the discount rates, in the observable period, while the discount rates in the unobservable period are based on an ultimate investment rate. In situations where the fixed-income assets supporting the insurance contract liabilities do not appropriately reflect the illiquidity characteristics of the liability, an additional adjustment is made to the discount rate.

In cases where there are no backing assets, the Company applies the bottom-up approach to set the discount rate. This approach uses a risk-free rate, plus a spread to reflect the liquidity characteristics of the liability. Risk-free rates are determined by reference to highly liquid government securities in the currency of the insurance contract liability, and the spread is derived from an external benchmark.

The following table provides the lower and upper end of the range of the spot rates used by the Company to discount liability cash flows by major currency:

As at December 31, 2024		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	4.2 %	4.2 %	4.5 %	4.6 %	4.6 %	4.9 %
	Upper	4.6 %	4.6 %	4.9 %	5.0 %	5.0 %	5.0 %
USD	Lower	4.9 %	5.2 %	5.4 %	5.8 %	5.6 %	5.1 %
	Upper	5.4 %	5.7 %	5.8 %	6.2 %	5.9 %	5.3 %
EUR	Lower	2.5 %	2.5 %	2.8 %	3.0 %	3.2 %	4.3 %
	Upper	3.6 %	3.6 %	3.8 %	4.0 %	4.1 %	4.5 %
GBP	Lower	4.9 %	4.8 %	5.1 %	5.7 %	5.7 %	4.3 %
	Upper	5.7 %	5.5 %	5.9 %	6.5 %	6.5 %	5.1 %

As at December 31, 2023		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	6.0 %	4.5 %	4.4 %	4.3 %	4.2 %	4.5 %
	Upper	6.4 %	4.9 %	4.9 %	4.9 %	4.8 %	4.9 %
USD	Lower	5.7 %	4.8 %	4.8 %	5.3 %	4.9 %	4.7 %
	Upper	6.1 %	5.2 %	5.3 %	5.8 %	5.4 %	5.0 %
EUR	Lower	3.2 %	2.1 %	2.2 %	2.5 %	2.9 %	4.3 %
	Upper	4.8 %	3.6 %	3.8 %	4.1 %	4.2 %	4.5 %
GBP	Lower	4.9 %	3.8 %	4.0 %	4.7 %	4.6 %	3.7 %
	Upper	5.9 %	4.8 %	5.1 %	5.7 %	5.6 %	4.7 %

The spot rates in the table above are calculated based on prevailing interest rates observed in their respective markets. When interest rates are not observable, the yield curve to discount cash flows transitions to an ultimate rate composed of a risk-free rate and illiquidity premium. These amounts are set based on historical data.

Income Taxes

The Company is subject to income tax laws in various jurisdictions. The Company’s operations are complex and related income tax interpretations, regulations and legislation that pertain to its activities are subject to continual change. As life insurance companies, the Company's primary Canadian operating subsidiaries are subject to a regime of specialized rules prescribed under the *Income Tax Act (Canada)* for purposes of determining the amount of the companies' income that will be subject to tax in Canada.

Tax planning strategies to obtain tax efficiencies are used. The Company continually assesses the uncertainty associated with these strategies and holds an appropriate level of provisions for uncertain income tax positions. Accordingly, the provision for income taxes represents management’s interpretation of the relevant income tax laws and its estimate of current and deferred income tax balances for the period. Deferred income tax assets and liabilities are recorded based on expected future income tax rates and management’s assumptions regarding the expected timing of the reversal of temporary differences. The Company has substantial deferred income tax assets. The recognition of deferred income tax assets depends on management's determination that future earnings will be sufficient to realize the deferred benefit. The amount of the asset recorded is based on management's best estimate of the realization of the asset.

The audit and review activities of tax authorities may affect the ultimate determination of the amounts of income taxes payable or receivable, deferred income tax assets or liabilities and income tax expense. Therefore, there can be no assurance that income taxes will be payable as anticipated and/or the amount and timing of receipt or use of the income tax related assets will be as currently expected. Management’s experience indicates that taxation authorities are more aggressively pursuing perceived income tax issues and have increased the resources they put to these efforts.

Employee Future Benefits

The Company’s subsidiaries maintain contributory and non-contributory defined benefit and defined contribution pension plans for eligible employees and advisors. The defined benefit pension plans provide pensions based on length of service and final average pay; however, these plans are closed to new entrants. Many of the subsidiaries' defined benefit pension plans also no longer provide future defined benefit accruals. The Company's defined benefit plan exposure is expected to reduce in future years. Where defined benefit pension accruals continue, active plan participants share in the cost of benefits through employee contributions in respect of current service. Certain pension payments are indexed on either an ad hoc basis or a guaranteed basis. The determination of the defined benefit obligation reflects pension benefits in accordance with the terms of the plans. Assets supporting the funded pension plans are held in separate trusteed pension funds. Obligations for the wholly unfunded plans are included in other liabilities and are supported by general assets. New hires and active plan participants in defined benefit plans closed to future defined benefit accruals are eligible for defined contribution benefits. The defined contribution pension plans provide pension benefits based on accumulated employee and employer contributions. The Company's subsidiaries also provide post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependents. These plans are also closed to new entrants. For further information on the pension plans and other post-employment benefits refer to note 26 in the Company's December 31, 2024 annual consolidated financial statements.

For the defined benefit plans, service costs and net interest costs are recognized in the Consolidated Statements of Earnings. Service costs include current service cost, administration expenses, past service costs and the impact of curtailments and settlements. Re-measurements of the defined benefit liability (asset) due to asset returns less (greater) than interest income, actuarial losses (gains) and changes in the asset ceiling are recognized immediately in the Consolidated Statements of Comprehensive Income.

Actuarial assumptions – Accounting for defined benefit pension and other post-employment benefits requires estimates of expected increases in compensation levels, indexation of certain pension payments, trends in health-care costs, the period of time over which benefits will be paid, as well as the appropriate discount rates for past and future service liabilities. These assumptions are determined by management using actuarial methods, and are reviewed and approved annually. Emerging experience that differs from the assumptions will be revealed in future valuations and will affect the future financial position of the plans and net periodic benefit costs.

Actuarial assumptions - employee future benefits
At December 31

	Defined benefit pension plans		Other post-employment benefits	
	2024	2023	**2024**	2023
Actuarial assumptions used to determine benefit cost				
Discount rate - past service liabilities	4.4%	5.0%	4.7 %	5.3%
Discount rate - future service liabilities	4.6%	5.3%	5.0 %	5.4%
Rate of compensation increase	3.4%	3.8%	—	—
Future pension increases[1]	2.1%	2.3%	—	—
Actuarial assumptions used to determine defined benefit obligation				
Discount rate - past service liabilities	4.5%	4.4%	4.7 %	4.7%
Rate of compensation increase	3.4%	3.4%	—	—
Future pension increases[1]	2.0%	2.1%	—	—
Medical cost trend rates				
Initial medical cost trend rate			4.7 %	4.7%
Ultimate medical cost trend rate			4.1 %	4.1%
Year ultimate trend rate is reached			2039	2039

1 Represents the weighted average of plans subject to future pension increases.

The period of time over which benefits are assumed to be paid is based on best estimates of future mortality, including allowances for mortality improvements. This estimate is subject to considerable uncertainty, and judgment is required in establishing this assumption. As mortality assumptions are significant in measuring the defined benefit obligation, the mortality assumptions applied by the Company take into consideration such factors as age, gender and geographic location, in addition to an estimation of future improvements in longevity.

The mortality tables are reviewed at least annually, and assumptions are in accordance with accepted actuarial practices. Emerging plan experience is reviewed and considered in establishing the best estimate for future mortality.

As these assumptions relate to factors that are long-term in nature, they are subject to a degree of uncertainty. Differences between actual experience and the assumptions, as well as changes in the assumptions resulting from changes in future expectations, result in increases or decreases in the pension and post-employment benefits expense and defined benefit obligation in future years. There is no assurance that the plans will be able to earn assumed rates of return, and market driven changes to assumptions could impact future contributions and expenses.

The following table indicates the impact of changes to certain key assumptions related to pension and post-employment benefits.

Impact of a change of 1.0% in actuarial assumptions on defined benefit obligation[1]

	1% increase		1% decrease	
	2024	2023	**2024**	2023
Defined benefit pension plans:				
Impact of a change to the discount rate	$ (787)	$ (771)	$ 997	$ 972
Impact of a change to the rate of compensation increase	170	173	(154)	(157)
Impact of a change to the rate of inflation	344	346	(304)	(313)
Other post-employment benefits:				
Impact of a change to assumed medical cost trend rates	$ 15	$ 14	$ (13)	$ (12)
Impact of a change to the discount rate	(22)	(22)	26	26

1 To measure the impact of a change in an assumption, all other assumptions were held constant. It is expected that there would be interaction between at least some of the assumptions.

The calculation of the defined benefit obligation is also sensitive to the mortality assumptions. The effect of a one-year increase in life expectancy would be an increase in the defined benefit obligation of $174 million ($174 million in 2023) for the defined benefit pension plans and $6 million ($6 million in 2023) for other post-employment benefits.

Funding – The Company's subsidiaries have both funded and unfunded pension plans as well as other post-employment benefit plans that are unfunded. The Company's subsidiaries' funded pension plans are funded to or above the amounts required by relevant legislation. During the year, the Company's subsidiaries contributed $224 million ($283 million in 2023) to the pension plans and made benefit payments of $21 million ($18 million in 2023) for post-employment benefits. The Company's subsidiaries expect to contribute $201 million to the pension plans and make benefit payments of $20 million for post-employment benefits in 2025.

International Financial Reporting Standards

Due to the evolving nature of IFRS, there are a number of IFRS changes impacting the Company in 2024, as well as standards that could impact the Company in future reporting periods. The Company actively monitors future IFRS changes proposed by the International Accounting Standards Board (IASB) to assess if the changes to the standards may have an impact on the Company's results or operations.

Changes in Accounting Policies

The Company adopted the amendments to IFRS for IAS 7, *Statement of Cash Flows*, IFRS 7, *Financial Instruments: Disclosures*, and IFRS 16, *Leases* effective January 1, 2024. The adoption of these amendments did not have a material impact on the Company's financial statements.

New Standard	**Summary of Future Changes**
IFRS 18 – *Presentation and Disclosure in Financial Statements*	In April 2024, the IASB published IFRS 18, *Presentation and Disclosure in Financial Statements* (IFRS 18). The standard aims to improve how companies communicate information in their financial statements, with a focus on information about financial performance in the statement of earnings. IFRS 18 will require companies to: • Provide defined subtotals in the statement of earnings; • Disclose information for any management-defined performance measures related to the statement of earnings; and • Implement principles for the grouping of information in the financial statements, and whether to provide it in the primary financial statements or notes. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is evaluating the impact of the adoption of this standard.
IFRS 9 – *Financial Instruments* and IFRS 7 – *Financial Instruments: Disclosures*	In May 2024, the IASB published amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*. The amendments clarify the classification of financial assets with environmental, social and corporate governance and similar features, the settlement of liabilities through electronic payment systems, and introduce additional disclosure requirements to enhance transparency for investors. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Company is evaluating the impact of the adoption of these amendments.

For additional detail, refer to note 2 of the Company’s annual consolidated financial statements for the period ended December 31, 2024.

Other Information

Non-GAAP Financial Measures and Ratios

Non-GAAP Financial Measures

The Company uses several non-GAAP financial measures to measure overall performance of the Company and to assess each of its business units. A financial measure is considered a non-GAAP measure for Canadian securities law purposes if it is presented other than in accordance with generally accepted accounting principles (GAAP) used for the Company's consolidated financial statements. The consolidated financial statements of the Company have been prepared in compliance with IFRS as issued by the IASB. Non-GAAP financial measures do not have a standardized meaning under GAAP and may not be comparable to similar financial measures presented by other issuers. Investors may find these financial measures useful in understanding how management views the underlying business performance of the Company.

Base earnings (loss)

Base earnings (loss) reflect management’s view of the underlying business performance of the Company and provides an alternate measure to understand the underlying business performance compared to IFRS net earnings.

Base earnings (loss) exclude the following items from IFRS reported net earnings:

- Market-related impacts, where actual market returns in the current period are different than longer-term expected returns;
- Assumption changes and management actions that impact the measurement of assets and liabilities;
- Business transformation impacts which include acquisition and divestiture costs and restructuring and integration costs;
- Material legal settlements, material impairment charges related to goodwill and intangible assets, impacts of income tax rate changes on the remeasurement of deferred tax assets and liabilities and other tax impairments, net gains, losses or costs related to the disposition or acquisition of a business; net earnings (loss) from discontinued operations;
- Realized gains (losses) on the sale of assets measured at fair value through other comprehensive income (FVOCI);
- The direct equity and interest rate impacts on the measurement of surplus assets and liabilities;
- Amortization of acquisition related finite life intangible assets; and
- Other items that, when removed, assist in explaining the Company's underlying business performance.

Lifeco

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings	$ 1,115	$ 1,061	$ 971	$ 4,192	$ 3,667
Items excluded from Lifeco base earnings					
Market experience relative to expectations (pre-tax)	$ 59	$ 46	$ (351)	$ 286	$ (461)
Income tax (expense) benefit	(21)	(5)	138	(72)	154
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	—	—	—	(158)
Income tax (expense) benefit	—	—	—	—	37
Assumption changes and management actions (pre-tax)	21	(235)	(28)	(209)	(149)
Income tax (expense) benefit	(5)	32	111	60	129
Business transformation impacts (pre-tax)[1]	(34)	(7)	(137)	(144)	(340)
Income tax (expense) benefit[1]	4	3	70	32	118
Amortization of acquisition-related finite life intangibles (pre-tax)[1]	(51)	(47)	(42)	(200)	(182)
Income tax (expense) benefit[1]	14	11	11	52	47
Tax legislative changes and other tax impacts (pre-tax)[1]	—	—	—	—	—
Income tax (expense) benefit[1]	14	—	—	14	—
Total pre-tax items excluded from base earnings	$ (5)	$ (243)	$ (558)	$ (267)	$ (1,290)
Impact of items excluded from base earnings on income taxes	6	41	330	86	485
Net earnings from continuing operations	$ 1,116	$ 859	$ 743	$ 4,011	$ 2,862
Net earnings (loss) from discontinued operations (post-tax)	—	—	(3)	(115)	(124)
Net gain from disposal of discontinued operations (post-tax)	—	—	—	44	—
Net earnings - common shareholders	$ 1,116	$ 859	$ 740	$ 3,940	$ 2,738

1 Included in other non-market related impacts.

Canada

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings	$ 321	$ 317	$ 301	$ 1,262	$ 1,158
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	$ 16	$ 58	$ (162)	$ 202	$ (197)
Income tax (expense) benefit	(7)	(15)	48	(58)	58
Assumption changes and management actions (pre-tax)	—	147	(22)	157	(52)
Income tax (expense) benefit	—	(41)	5	(44)	14
Business transformation impacts (pre-tax)[1]	(5)	(4)	(5)	(41)	(9)
Income tax (expense) benefit[1]	1	1	2	10	3
Amortization of acquisition-related finite life intangibles (pre-tax)[1]	(6)	(4)	(2)	(25)	(20)
Income tax (expense) benefit[1]	2	1	1	7	6
Tax legislative changes and other tax impacts (pre-tax)[1]	—	—	—	—	—
Income tax (expense) benefit[1]	14	—	—	14	—
Net earnings - common shareholders	$ 336	$ 460	$ 166	$ 1,484	$ 961

1 Included in other non-market related impacts.

United States

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings	$ 367	$ 359	$ 261	$ 1,336	$ 1,006
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	$ 13	$ (1)	$ (13)	$ 19	$ 5
Income tax (expense) benefit	(4)	—	4	(5)	(1)
Assumption changes and management actions (pre-tax)	—	(29)	—	(29)	—
Income tax (expense) benefit	—	6	—	6	—
Business transformation impacts (pre-tax)[1]	(52)	(2)	(52)	(125)	(191)
Income tax (expense) benefit[1]	9	1	20	27	54
Amortization of acquisition-related finite life intangibles (pre-tax)[1]	(39)	(36)	(35)	(151)	(140)
Income tax (expense) benefit[1]	10	9	9	40	36
Net earnings from continuing operations	$ 304	$ 307	$ 194	$ 1,118	$ 769
Net earnings (loss) from discontinued operations (post-tax)	—	—	(3)	(115)	(124)
Net gain from disposal of discontinued operations (post-tax)	—	—	—	44	—
Net earnings - common shareholders	$ 304	$ 307	$ 191	$ 1,047	$ 645

1 Included in other non-market related impacts.

Europe

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings	$ 231	$ 195	$ 213	$ 829	$ 777
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	$ 55	$ (30)	$ (114)	$ 23	$ (321)
Income tax (expense) benefit	(9)	7	54	(4)	78
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	—	—	—	(158)
Income tax (expense) benefit	—	—	—	—	37
Assumption changes and management actions (pre-tax)	26	(69)	(6)	(45)	(46)
Income tax (expense) benefit	(6)	18	106	12	113
Business transformation impacts (pre-tax)[1]	23	(1)	(80)	22	(140)
Income tax (expense) benefit[1]	(6)	1	48	(5)	61
Amortization of acquisition-related finite life intangibles (pre-tax)[1]	(6)	(7)	(5)	(24)	(22)
Income tax (expense) benefit[1]	2	1	1	5	5
Net earnings - common shareholders	$ 310	$ 115	$ 217	$ 813	$ 384

1 Included in other non-market related impacts.

Capital and Risk Solutions

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings	$ 223	$ 210	$ 236	$ 818	$ 794
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	$ (23)	$ 34	$ (50)	$ 54	$ 75
Income tax (expense) benefit	(2)	—	29	(8)	13
Assumption changes and management actions (pre-tax)	(5)	(284)	—	(296)	(51)
Income tax (expense) benefit	1	49	—	50	2
Net earnings - common shareholders	$ 194	$ 9	$ 215	$ 618	$ 833

Lifeco Corporate

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (loss)	$ (27)	$ (20)	$ (40)	$ (53)	$ (68)
Items excluded from base earnings (loss)					
Market experience relative to expectations (pre-tax)	$ (2)	$ (15)	$ (12)	$ (12)	$ (23)
Income tax (expense) benefit	1	3	3	3	6
Assumption changes and management actions (pre-tax)	—	—	—	4	—
Income tax (expense) benefit	—	—	—	36	—
Net earnings (loss) - common shareholders	$ (28)	$ (32)	$ (49)	$ (22)	$ (85)

Base earnings - insurance service result

Represents the profit earned from providing insurance coverage and comprises the expected insurance earnings, impacts of new insurance business written and insurance experience gains and losses for the Company's insurance businesses. This metric is presented on a common shareholders' basis by removing the participating account results.

Lifeco (pre-tax)

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings - insurance service result	$ 806	$ 777	$ 854	$ 3,140	$ 3,010
Items excluded from base earnings	(4)	(31)	1	(38)	(80)
Participating account	37	34	35	145	151
Net earnings - insurance service result	$ 839	$ 780	$ 890	$ 3,247	$ 3,081

Base earnings - net investment result

Represents the difference between management's expected return on assets backing insurance contract liabilities and the unwinding of discount rates used to measure corresponding insurance contract liabilities. Includes the release of credit provisions into profit and the impact of credit experience for the period as well as the impact of certain trading activity on fixed income assets and non-directly attributable investment expenses. Additionally, includes expected investment income on surplus assets net of associated investment expenses. This metric is presented on a common shareholders' basis by removing the participating account results. This measure removes spread income earned on certain investment products which represents the difference between earned rates and rates credited to clients.

Lifeco (pre-tax)

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings - net investment result	$ 285	$ 301	$ 212	$ 1,138	$ 914
Items excluded from base earnings	60	(156)	(256)	97	(616)
Spread income	323	294	332	1,266	1,317
Participating account	24	(41)	(23)	(2)	(82)
Net earnings - net investment result	$ 692	$ 398	$ 265	$ 2,499	$ 1,533

Base earnings - pre-tax

Represents base earnings (loss) before income taxes, earnings (losses) attributable to non-controlling interests and preferred share dividends.

Lifeco

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Base earnings (pre-tax)	$ 1,362	$ 1,305	$ 1,192	$ 5,222	$ 4,410
Items excluded from Lifeco base earnings (pre-tax)					
Market experience relative to expectations (pre-tax)	$ 59	$ 46	$ (351)	$ 286	$ (461)
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	—	—	—	(158)
Assumption changes and management actions (pre-tax)	21	(235)	(28)	(209)	(149)
Business transformation impacts (pre-tax)[1]	(34)	(7)	(137)	(144)	(340)
Amortization of acquisition-related finite life intangibles (pre-tax)[1]	(51)	(47)	(42)	(200)	(182)
Total pre-tax items excluded from base earnings	$ (5)	$ (243)	$ (558)	$ (267)	$ (1,290)
Participating account	31	(41)	(27)	26	(52)
Earnings before income taxes	$ 1,388	$ 1,021	$ 607	$ 4,981	$ 3,068

[1] Included in other non-market related impacts.

Empower Defined Contribution and Personal Wealth net revenue

For the Empower Defined Contribution (Empower DC) and Empower Personal Wealth (Empower PW) business lines in the U.S. segment, the Company discloses net revenue, which is a measure of financial performance and growth for these businesses. Net revenue includes net asset-based fee income and other fee income related to businesses such as mutual funds products and recordkeeping. Net asset-based expenses include certain direct expenses incurred such as commissions, managed account expenses and sub-advisor expenses. Net revenue also includes spread income earned on general account investment products, net of credit experience on assets held to back general account liabilities.

United States

	For the three months ended			For the twelve months ended	
	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023	**Dec. 31 2024**	Dec. 31 2023
Empower Defined Contribution (US$)					
Gross AUM fees	$ 467	$ 460	$ 408	$ 1,789	$ 1,633
Asset-based expenses	(117)	(111)	(104)	(447)	(422)
Asset-based fee income (net)	$ 350	$ 349	$ 304	$ 1,342	$ 1,211
Spread income	160	153	191	661	770
Credit experience	(12)	—	(35)	(41)	(48)
Spread income (net)	$ 148	$ 153	$ 156	$ 620	$ 722
Other fees	210	195	178	802	640
Total net revenue (US$)	$ 708	$ 697	$ 638	$ 2,764	$ 2,573
Empower Personal Wealth (US$)					
Gross AUM fees	$ 117	$ 110	$ 91	$ 428	$ 337
Asset-based expenses	(16)	(15)	(13)	(59)	(48)
Asset-based fee income (net)	$ 101	$ 95	$ 78	$ 369	$ 289
Spread income (net)	48	47	44	185	164
Other fees	21	21	18	79	62
Total net revenue (US$)	$ 170	$ 163	$ 140	$ 633	$ 515
<u>Reconciliation to Income Statement</u>					
Fee and other income					
Gross AUM and other fees (US$)	$ 815	$ 786	$ 695	$ 3,098	$ 2,672
Gross AUM and other fees (C$)	1,141	1,069	945	4,247	3,600
Add: Other fee and other income	33	25	25	121	106
Fee and other income	$ 1,174	$ 1,094	$ 970	$ 4,368	$ 3,706
Net investment result					
Empower DC and PW spread income (net) (US$)	$ 196	$ 200	$ 200	$ 805	$ 886
Empower DC and PW spread income (net) (C$)	274	271	272	1,101	1,192
Add: Other U.S. segment net investment results	66	72	49	288	159
Add: Items excluded from base earnings	13	7	(13)	27	5
Add: Participating account	—	(1)	8	1	8
Net investment result	$ 353	$ 349	$ 316	$ 1,417	$ 1,364
Operating and administrative expenses					
Asset-based expenses (US$)	$ (133)	$ (126)	$ (117)	$ (506)	$ (470)
Empower DC other operating expenses (US$)	(451)	(446)	(451)	(1,796)	(1,773)
Empower PW other operating expenses (US$)	(106)	(102)	(84)	(399)	(326)
Total Empower DC and PW fee and spread income-related operating expenses (US$)	$ (690)	$ (674)	$ (652)	$ (2,701)	$ (2,569)
Total Empower DC and PW operating expenses (C$)	(966)	(917)	(887)	(3,701)	(3,456)
Add: Items excluded from base earnings	(52)	(1)	—	(53)	(67)
Add: Other U.S. segment operating expenses	(47)	(47)	(66)	(189)	(221)
Add: Participating account	(2)	(1)	(5)	(8)	(14)
Operating and administrative expenses	$ (1,067)	$ (966)	$ (958)	$ (3,951)	$ (3,758)

Assets under management (AUM) and assets under administration (AUA)

Assets under management and assets under administration are non-GAAP measures that provide an indicator of the size and volume of the Company's overall business. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.

Total assets under administration includes total assets per financial statements, proprietary mutual funds and institutional assets and other assets under administration.

Lifeco

	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023
Total assets per financial statements[1]	$ 802,163	$ 779,741	$ 713,230
Continuing operations - other AUM	237,242	224,442	220,578
Discontinued operations - other AUM	—	—	161,566
Total AUM[1]	$ 1,039,405	$ 1,004,183	$ 1,095,374
Other AUA	2,226,893	2,106,101	1,757,166
Total AUA[1]	$ 3,266,298	$ 3,110,284	$ 2,852,540

1 Comparative figures include assets held for sale and other AUM related to the discontinued operations of Putnam Investments.

Canada

	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023
Canada wealth fee business AUA			
Segregated fund assets	$ 114,547	$ 112,493	$ 101,250
Other AUM	14,600	14,092	13,056
Wealth fee business other AUA	62,050	60,368	53,490
Total Canada wealth fee business AUA	$ 191,197	$ 186,953	$ 167,796
Add: Other balance sheet assets	$ 112,326	$ 109,525	$ 102,534
Add: Other AUA	2,449	2,464	2,145
Consolidated Canada balance sheet assets	$ 226,873	$ 222,018	$ 203,784
Consolidated Canada other AUM	14,600	14,092	13,056
Consolidated Canada other AUA	64,499	62,832	55,635
Total Canada AUA	$ 305,972	$ 298,942	$ 272,475

United States

	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023
Empower AUA			
General account	$ 90,907	$ 84,899	$ 88,487
Segregated funds	194,675	183,081	175,499
Other AUM	93,267	88,630	100,806
Other AUA	2,148,241	2,029,263	1,689,455
Empower AUA	$ 2,527,090	$ 2,385,873	$ 2,054,247
PanAgora - other AUM	$ 48,187	$ 46,107	$ 43,190
Discontinued operations - other AUM	—	—	194,145
Subtotal	$ 2,575,277	$ 2,431,980	$ 2,291,582
Add: Other AUM consolidated adjustment	$ (69)	$ (66)	$ (32,579)
Add: Other balance sheet assets	56,671	58,734	41,844
Consolidated United States balance sheet assets	$ 342,253	$ 326,714	$ 305,829
Consolidated United States other AUM	141,385	134,671	305,563
Consolidated United States other AUA	2,148,241	2,029,263	1,689,455
Total United States AUA	$ 2,631,879	$ 2,490,648	$ 2,300,847

Europe

	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023
Europe wealth and investment only AUA			
Segregated fund assets	$ 165,853	$ 164,954	$ 141,936
Other AUM	81,257	75,679	63,525
Other AUA	14,153	14,006	12,076
Total Europe wealth and investment only AUA	$ 261,263	$ 254,639	$ 217,537
Add: Other balance sheet assets	$ 55,476	$ 56,753	$ 52,593
Consolidated Europe balance sheet assets	$ 221,329	$ 221,707	$ 194,529
Consolidated Europe other AUM	81,257	75,679	63,525
Consolidated Europe other AUA	14,153	14,006	12,076
Total Europe AUA	$ 316,739	$ 311,392	$ 270,130

Non-GAAP Ratios

A non-GAAP ratio is a financial measure in the form of a ratio, fraction, percentage or similar representation that is not disclosed in the financial statements of the Company and has a non-GAAP financial measure as one or more of its components. These financial measures do not have a standardized definition under IFRS and might not be comparable to similar financial measures disclosed by other issuers.

The non-GAAP ratios disclosed by the Company each use base earnings (loss) as the non-GAAP component. Base earnings (loss) reflect management's view of the underlying business performance of the Company and provides an alternate measure to understand the underlying business performance compared to IFRS net earnings.

- **Base dividend payout ratio** - Dividends paid to common shareholders are divided by base earnings (loss).
- **Base earnings per share** - Base earnings (loss) for the period is divided by the number of average common shares outstanding for the period.
- **Base earnings per share (diluted)** - Base earnings (loss) for the period is divided by the number of average common shares outstanding on a diluted basis for the period.
- **Base return on equity** - Base earnings (loss) for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Cost of management ratio** - Compares the amount paid by the Company to compensate its Named Executive Officers (NEOs) relative to the Company's base earnings for the same period. Calculated by dividing total annual compensation paid to NEOs (as disclosed in the Executive Compensation section of the Company's management proxy circular) by base earnings for the year.
- **Effective income tax rate - base earnings - common shareholders** - Calculated by adjusting the Company's reported income taxes and net earnings before income taxes attributable to common shareholders to remove the impact of items excluded from base earnings, to calculate the effective tax rates for common shareholders.
- **Price/base earnings ratio** - The Company's closing share price divided by its base earnings per share on a trailing four quarter basis.

Glossary

- **Assumption changes and management actions** - The net earnings impact of: (i) revisions to the methodologies and assumptions used in the measurement of the Company's assets, insurance contract liabilities and investment contract liabilities, and (ii) actions taken by management in the current reporting period which include, but are not limited to, changes in in-force product features (including prices), and new or revised reinsurance deals on in-force business. Assumption changes and management actions are excluded from base earnings.
- **Average assets under management and administration -** Calculated as the average of the opening and ending balances of assets under management and administration during the reporting period using daily balances where available and monthly or quarterly balances when daily balances are unavailable.
- **Business transformation impacts -** Business transformation impacts include acquisition and divestiture costs as well as restructuring and integration costs.

- **Book value per common share** - Measure is calculated by dividing Lifeco's common shareholders' equity by the number of common shares outstanding at the end of the period.
- **Contractual service margin (CSM)** - The CSM of a group of insurance contracts represents the unearned profit that the Company expects to recognize in the future as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfillment cash flows, any derecognized assets for insurance acquisition cash flows, and any cash flows arising at that date is a net inflow, the group of contracts is non-onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no net income or expenses arising on initial recognition.
- **Common shareholders' equity** - A financial measure comprised of the following items from Lifeco's balance sheet: share capital - common shares, accumulated surplus, accumulated other comprehensive income and contributed surplus.
- **Dividend payout ratio** - Dividends paid to common shareholders are divided by net earnings - common shareholders.
- **Drivers of earnings (DOE)** - Drivers of earnings analysis provides additional detail on the primary sources of Lifeco's earnings and is a consistent presentation across Canadian insurance industry peers. The DOE view presents net earnings attributable to common shareholders, comprising base earnings on a DOE basis and items excluded from base earnings. For base insurance service result, the DOE view provides detail on expected insurance earnings, the impact of new business and experience gains and losses. For base net investment result, the DOE view provides detail on expected investment earnings, credit experience, trading activity and earnings on surplus. Base other income and expenses are presented separately in the DOE view with additional detail on net fee and spread income, non-directly attributable and other expenses, income taxes on base earnings, non-controlling interests, preferred dividends and other items.
- **Financial leverage ratio** - Defined as debt, hybrid securities, and preferred shares divided by total consolidated capitalization. The denominator also includes the after-tax non-participating CSM balance in the denominator, other than CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT.
- **General Measurement Model (GMM)** - The Company applies this measurement model to all insurance contracts not measured under the PAA or VFA measurement models.
- **Group life and health book premiums** - For group life and health insurance, this measure represents the value of in-force premiums at the end of the reporting period. The Company may express the period-over-period net change in group life and health book premiums excluding the impact of foreign currency translation, which represents the net impact of new sales, terminations and organic growth of in-force business for the period.
- **Impact of currency movement (constant currency basis)** - Items impacting the Company's Consolidated Statements of Earnings, such as income and benefits and expenses and net earnings, are translated into Canadian dollars at an average rate for the period. These measures highlight the impact of changes in currency translation rates on Canadian dollar equivalent IFRS results and have been calculated using the average rates, as shown below, in effect at the date of the comparative period. These measures provide useful information as it facilitates the comparability of results between periods.

	Period ended	
	December 31, 2024	December 31, 2023
United States dollar	1.40	1.36
British pound	1.79	1.69
Euro	1.49	1.47

- **Market experience relative to expectations** - The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:
  - the impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets;
  - the impact on segregated fund guarantee liabilities not hedged;
  - the market-related impacts that are different than expectations on surplus assets, general account assets and the insurance and investment contract liabilities they support; and
  - other market impacts on general account assets and the insurance and investment contract liabilities they support that cannot be attributed to expectations within the period.

- **Net cash flows and net flows** - Indicator of the Company's ability to attract and retain business. Net cash flows and net asset flows are measured by the following:
  - Canada net cash flows include cash inflows and outflows related to segregated fund assets and proprietary and non-proprietary mutual funds.
  - Europe net cash flows include cash inflows and outflows related to segregated fund assets, proprietary mutual funds and institutional assets as well as other assets under administration.
  - Empower net cash flows include cash inflows and outflows related to segregated fund assets, general fund assets, proprietary and non-proprietary mutual funds as well as other assets under management.
  - PanAgora net flows include institutional sales and redemptions.
- **Net earnings from continuing operations** - Defined as net earnings - common shareholders less net earnings (loss) from discontinued operations and the net gain from disposal of discontinued operations. The discontinued operations represent the results of Putnam Investments. On January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton".
- **Office of the Superintendent of Financial Institutions Canada (OSFI)** - Is an independent Canadian federal government agency that regulates and supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting their requirements.
- **Other assets under administration** - Includes assets where the Company only provides administration services for which the Company earns fees and other income. These assets are beneficially owned by the clients and the Company does not direct the investing activities. Services provided relating to assets under administration include recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.
- **Other assets under management** - Includes external client funds where the Company has oversight of the investment policies. Services provided in respect of proprietary mutual funds and institutional assets include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients.
- **Premium Allocation Approach (PAA)** - The Company applies this measurement model to contracts with coverage periods of one year or less and those that are relatively stable and have low variability in fulfillment cash flows. Low variability in fulfillment cash flows indicates that no significant difference in measurement exists when compared to the general measurement model (GMM).
- **Price/book value ratio** - The Company's closing share price divided by its book value per share.
- **Price/earnings ratio** - The Company's closing share price divided by its net earnings per share on a trailing four quarter basis.
- **Return on equity (ROE) - continuing operations** - Net earnings from continuing operations for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Sales** - Sales are measured according to product type:
  - For risk-based insurance and annuity products, sales include 100% of single premium and annualized premiums expected in the first twelve months of the plan.
  - Group insurance and ASO sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies.
  - For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds.
  - For group wealth management products, sales include assets transferred from previous plan providers and the expected annual contributions from the new plan.
- **Segmented common shareholders' equity** - The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for Empower, it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

The capital allocation methodology allows the Company to calculate comparable ROE for each business unit. These ROEs are therefore based on the capital the business unit has been allocated and the financing charges associated with that capital. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available.

- **Variable Fee Approach (VFA)** - The Company applies this measurement model to contracts with direct participating features such as participating insurance and segregated fund business with insurance guarantees, where an investment return is provided to the policyholder based on a defined pool of items (e.g., a portfolio of assets).

Selected Annual Information

Selected annual information
(in $ millions, except per share amounts)

	Years ended December 31		
	2024	2023	2022 (Restated)[1]
Total revenue[2]	$ 39,797	$ 41,629	$ 1,384
Earnings			
Base earnings[3]	4,192	3,667	3,318
Net earnings from continuing operations	4,011	2,862	3,628
Net earnings - Common Shareholders	3,940	2,738	3,596
Earnings per common share			
Basic - base earnings[4]	4.50	3.94	3.56
Basic - net earnings from continuing operations	4.30	3.07	3.89
Basic - net earnings	4.23	2.94	3.86
Diluted - base earnings[4]	4.48	3.93	3.56
Diluted - net earnings from continuing operations	4.29	3.07	3.89
Diluted - net earnings	4.21	2.93	3.86
Total assets under administration			
Total assets	$ 802,163	$ 713,230	$ 672,206
Continuing operations - other assets under management[5]	237,242	220,578	182,288
Discontinued operations - other assets under management[5]	—	161,566	149,446
Total assets under management[3]	1,039,405	1,095,374	1,003,940
Other assets under administration[5]	2,226,893	1,757,166	1,464,523
Total assets under administration[3]	$ 3,266,298	$ 2,852,540	$ 2,468,463
Total liabilities	$ 769,509	$ 683,379	$ 643,411
Dividends paid per share			
Series G First Preferred	1.3000	1.3000	1.3000
Series H First Preferred	1.21252	1.21252	1.21252
Series I First Preferred	1.1250	1.1250	1.1250
Series L First Preferred	1.41250	1.41250	1.41250
Series M First Preferred	1.450	1.450	1.450
Series N First Preferred[6]	0.437252	0.437252	0.437252
Series P First Preferred	1.350	1.350	1.350
Series Q First Preferred	1.2875	1.2875	1.2875
Series R First Preferred	1.200	1.200	1.200
Series S First Preferred	1.312500	1.312500	1.312500
Series T First Preferred	1.2875	1.2875	1.2875
Series Y First Preferred	1.1250	1.1250	1.1250
Common	2.220	2.080	1.960

1 Comparative 2022 results restated to reflect the adoption of IFRS 17, *Insurance Contracts* and IFRS 9, Financial Instruments.

2 Total revenue excludes revenue from discontinued operations related to Putnam Investments. Total revenue comprises of insurance revenue, net investment income, changes in fair value through profit or loss on investment assets and fee and other income.

3 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

4 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

5 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

6 The Series N First Preferred Share dividend was reset at the end of 2020 to a five year fixed dividend rate of 1.749% per annum which applies until December 30, 2025.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is: (a) recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation, and (b) accumulated and communicated to the Company's senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2024 and, based on such evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, under the supervision of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting based on the 2013 *Internal Control - Integrated Framework* (COSO Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management adopted the revised 2013 COSO Framework in 2015 as the basis to evaluate the effectiveness of Lifeco's internal control over financial reporting.

During the twelve months ended December 31, 2024, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Management evaluated the effectiveness of the Company's internal control over financial reporting as at December 31, 2024 and, based on such evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer have concluded that the Company's internal control over financial reporting is effective and that there are no material weaknesses in the Company's internal control over financial reporting.

Transactions with Related Parties

Relationship with Power Corporation Group of Companies

Lifeco's controlling shareholder is Power Financial Corporation (Power Financial), which is controlled by Power Corporation of Canada (Power Corporation) and, ultimately, by the Desmarais Family Residuary Trust. Power Corporation also controls IGM Financial Inc. and its subsidiaries (IGM), Sagard Holdings Inc. (Sagard), a multi-strategy alternative asset manager, Portage Ventures (Portage), a global fintech venture capital investment strategy as well as Power Sustainable Manager Inc. (Power Sustainable), a global multi-platform alternative asset manager. Lifeco and Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM, are investors in Northleaf Capital Partners Ltd. (Northleaf), a global private equity, private credit and infrastructure fund manager. The Company and its subsidiaries invest in funds managed by Sagard, Power Sustainable, Portage and Northleaf. Sagard also provides certain sub-advisory and property management services to the Company and its subsidiaries. Some of these related entities operate in similar or related sectors to those in which Lifeco's subsidiaries operate. A number of the Company's directors are also directors or officers of Power Corporation or one of its affiliates.

Lifeco's relationship with Power Financial, Power Corporation, IGM, Sagard, Portage, Power Sustainable and other members of the Power Corporation group of companies enables Lifeco to access expertise and industry knowledge, achieve economies of scale and access investment opportunities. As a result of these relationships, Lifeco and other members of the Power Corporation group of companies may become aware of opportunities that are also of potential interest to other members of the group and Lifeco may share information for that purpose. Power Corporation and Power Financial from time to time also assist Lifeco to identify and analyze strategic corporate opportunities that may be of potential interest to it. However, Power Corporation and Power Financial have no commitment to Lifeco that would require them or their respective subsidiaries, directors or officers to offer any particular opportunity to Lifeco.

The Company has related party procedures that require, among other things, transactions between the Company and its subsidiaries and any member of the Power Corporation group of companies to be on terms no less favourable than market terms or where there is no open market, on terms that would reasonably be expected to provide at least fair value to the Company. Under the related party procedures, any material related party transactions must be reviewed and approved by a conduct review committee composed entirely of directors who are independent of management and Power Corporation and its affiliates.

Other Transactions with Related Parties

In the normal course of business, subsidiaries of Lifeco enter into various transactions with related companies which include providing insurance benefits and sub-advisory services to other companies within the Power Corporation group of companies. In all cases, transactions were at market terms and conditions.

During the year, Canada Life provided to and received from IGM and its subsidiaries, a member of the Power Corporation group of companies, certain administrative services. Canada Life also provided life insurance, annuity and disability insurance products under a distribution agreement with IGM. All transactions were provided at market terms and conditions.

The Company owns 9,200,407 shares, held through Canada Life, representing a 3.89% ownership interest in IGM. The Company uses the equity method to account for its investment in IGM as it exercises significant influence. In 2024, the Company recognized $41 million for the equity method share of IGM net earnings and received dividends of $21 million from its investment in IGM.

Segregated funds of the Company were invested in funds managed by IG Wealth Management and Mackenzie Investments. Mackenzie Investments also manages certain of the Company's portfolio investments. The Company also has interests in mutual funds, open-ended investment companies and unit trusts. Some of these funds are sub-advised by related parties of the Company, who are paid sub-advisory fees related to these services. During 2024, the Company and its subsidiaries made additional investments in funds managed by related parties. All transactions were provided at market terms and conditions.

The Company held debentures issued by IGM with a carrying value of $90 million at December 31, 2024 ($88 million at December 31, 2023).

On May 6, 2024, the Company announced it had entered into a new long-term strategic partnership with Power Sustainable Manager Inc. (Power Sustainable), a sustainability-focused investment manager and subsidiary of the Company's parent, Power Corporation of Canada. Under the transaction, the Company has become a minority shareholder in Power Sustainable with an ownership share of slightly below 20% on a fully diluted basis. The Company has agreed to invest in certain funds across Power Sustainable's investment strategies in the future.

The Company provides asset management, employee benefits and administrative services for employee benefit plans relating to pension and other post-employment benefits for employees of the Company and its subsidiaries. These transactions were provided at market terms and conditions.

Quarterly Financial Information

Quarterly financial information
(in $ millions, except per share amounts)

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Insurance revenue	$ 5,399	$ 5,292	$ 5,273	$ 5,250	$ 5,174	$ 5,110	$ 5,081	$ 5,037
Net investment income	2,685	2,249	2,409	2,340	2,431	2,271	2,061	2,101
Changes in fair value on FVTPL assets	(2,981)	6,906	(864)	(1,385)	11,042	(5,457)	(2,668)	3,572
Fee and other income	1,952	1,806	1,794	1,672	1,558	1,450	1,466	1,400
Total revenue[1]	$ 7,055	$ 16,253	$ 8,612	$ 7,877	$ 20,205	$ 3,374	$ 5,940	$ 12,110
Insurance service operating and administrative expenses[2]	$ 428	$ 423	$ 424	$ 423	$ 408	$ 395	$ 405	$ 448
Other operating and administrative expenses	1,881	1,737	1,729	1,703	1,780	1,522	1,571	1,529
Total operating and administrative expenses	$ 2,309	$ 2,160	$ 2,153	$ 2,126	$ 2,188	$ 1,917	$ 1,976	$ 1,977
Amortization of acquisition-related intangible assets	51	47	52	50	42	48	49	43
Amortization of other finite life intangible assets	56	58	51	50	37	52	48	47
Financing charges	103	98	101	100	104	103	104	115
Restructuring and integration expenses	4	23	27	68	143	38	19	26
Total expenses	$ 2,523	$ 2,386	$ 2,384	$ 2,394	$ 2,514	$ 2,158	$ 2,196	$ 2,208
Net earnings from continuing operations[3]								
Total	$ 1,116	$ 859	$ 1,005	$ 1,031	$ 743	$ 936	$ 569	$ 614
Basic - per share	1.20	0.92	1.08	1.10	0.80	1.01	0.61	0.66
Diluted - per share	1.19	0.92	1.08	1.10	0.79	1.00	0.61	0.66
Net earnings - Common Shareholders								
Total	$ 1,116	$ 859	$ 1,005	$ 960	$ 740	$ 905	$ 498	$ 595
Basic - per share	1.20	0.92	1.08	1.03	0.79	0.97	0.53	0.64
Diluted - per share	1.19	0.92	1.08	1.03	0.79	0.97	0.53	0.64

1 Total revenue and its components exclude revenue from discontinued operations related to Putnam Investments.

2 Excludes claims and benefits incurred, adjustments to the liability for incurred claims, losses and reversal of losses on onerous contracts, impairment losses and reversal of impairment losses on the asset for insurance acquisition cash flows, commissions, amounts attributed to insurance acquisition cash flows and amortization of insurance acquisition cash flows.

3 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

Total revenue

Total revenue for the fourth quarter of 2024 was $7,055 million and comprises insurance revenue of $5,399 million ($5,174 million for the same quarter last year), net investment income of $2,685 million ($2,431 million for the same quarter last year), changes in fair value through profit or loss on investment assets of negative $2,981 million (positive $11,042 million for the same quarter last year) and fee and other income of $1,952 million ($1,558 million for the same quarter last year).

Insurance revenue

Insurance revenue for the fourth quarter of 2024 was $5,399 million, an increase of $225 million compared to the same quarter last year, primarily due to higher earnings on short-term insurance contracts in the Canada segment and higher CSM recognized for services provided in the Europe and Capital and Risk Solutions segments.

Total net investment income

Total net investment income, which includes net investment income and changes in fair value on FVTPL assets, for the fourth quarter of 2024 decreased by $13,769 million compared to the same quarter last year. The changes in fair value in the fourth quarter of 2024 were a decrease of $2,981 million compared to an increase of $11,042 million in the fourth quarter of 2023, primarily due to an increase in bond yields across all geographies. Net investment income in the fourth quarter of 2024 of $2,685 million, which excludes changes in fair value through profit or loss, increased by $254 million compared to the same quarter last year, primarily due to the strengthening of the U.S. dollar, British pound and euro against the Canadian dollar.

Fee and other income

Fee and other income for the fourth quarter of 2024 was $1,952 million, an increase of $394 million compared to the same quarter last year, primarily due to higher equity market levels and overall growth in the business in the U.S. segment, the addition of IPC and Value Partners in the Canada segment and higher management fees from higher average assets under administration as well as a gain recorded in the fourth quarter of 2024 on the sale of the U.K. onshore bond business, which is excluded from base earnings in the Europe segment.

Expenses

Expenses for the fourth quarter of 2024 were $2,523 million, an increase of $9 million compared to the same quarter last year. Operating and administrative expenses of $2,309 million increased by $121 million compared to the same quarter last year, primarily due to higher salaries and other employment benefits reflecting business growth. Restructuring and integration expenses of $4 million decreased by $139 million compared to the same quarter last year, primarily due to restructuring provisions from the prior year in the Europe segment that did not repeat.

Net earnings

Lifeco's consolidated net earnings attributable to common shareholders were $1,116 million for the fourth quarter of 2024 compared to $740 million for the same quarter last year. On a per share basis, this represents $1.20 per common share ($1.19 diluted) for the fourth quarter of 2024 compared to $0.79 per common share ($0.79 diluted) a year ago.

Translation of Foreign Currency

Through its operating subsidiaries, Lifeco conducts business in multiple currencies. The four primary currencies are the Canadian dollar, the U.S. dollar, the British pound and the euro. Throughout this document, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period. The rates employed are:

Period ended	**Dec. 31 2024**	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023	Mar. 31 2023
United States dollar								
Balance sheet	$ 1.44	$ 1.35	$ 1.37	$ 1.35	$ 1.33	$ 1.36	$ 1.32	$ 1.35
Income and expenses	$ 1.40	$ 1.36	$ 1.37	$ 1.35	$ 1.36	$ 1.34	$ 1.34	$ 1.35
British pound								
Balance sheet	$ 1.80	$ 1.81	$ 1.73	$ 1.71	$ 1.69	$ 1.66	$ 1.68	$ 1.67
Income and expenses	$ 1.79	$ 1.77	$ 1.73	$ 1.71	$ 1.69	$ 1.70	$ 1.68	$ 1.64
Euro								
Balance sheet	$ 1.49	$ 1.51	$ 1.47	$ 1.46	$ 1.46	$ 1.44	$ 1.45	$ 1.47
Income and expenses	$ 1.49	$ 1.50	$ 1.47	$ 1.46	$ 1.47	$ 1.46	$ 1.46	$ 1.45

Additional Information

Additional information relating to Lifeco, including Lifeco's most recent consolidated financial statements, CEO/CFO certification and Annual Information Form are available at www.sedarplus.com.

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