The Canada Life Assurance Company

Management's discussion and analysis

For the year ended December 31, 2024

For the period ended December 31, 2024

Dated: February 5, 2025

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Businesses of Canada Life

Canada Life is a diversified international financial services company offering protection and wealth management products to individuals and groups, principally in Canada, the United Kingdom (U.K.), the Isle of Man, the United States (U.S.), Ireland and Germany. The Company also provides reinsurance products, primarily in the U.S., Barbados, Bermuda and Ireland.

The Company's reportable operating segments are the participating and shareholder operations of the Company. The business units within these segments are Canada, Europe, Capital and Risk Solutions and Corporate. Business activities and transactions that are not associated with the specific business units are attributed to Corporate.

Basis of Presentation and Summary of Material Accounting Policies

The consolidated financial statements of Canada Life, 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 Corporation and its operations, business (including business mix), financial condition, expected financial performance (including revenues, earnings or growth rates), 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, 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 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 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 earnings growth consistent with management's earnings objectives disclosed in this MD&A. 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 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 Company's "Risk Management" and "Summary of Critical Accounting Estimates" section of this document, 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, "assets under management" and "assets under administration". 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
Earnings					
Participating account	$ 30	$ (1)	$ 1	$ 107	$ 24
Common shareholder	880	605	621	3,140	2,394
Total net earnings	$ 910	$ 604	$ 622	$ 3,247	$ 2,418
Insurance service result	$ 829	$ 812	$ 865	$ 3,258	$ 3,002
Net investment result	316	37	(47)	1,015	200
Fee and other income	777	712	586	2,853	2,163
Total assets per financial statements	$ 461,204	$ 455,695	$ 410,616		
Total assets under management[1]	576,201	563,298	499,941		
Total assets under administration[1]	654,853	640,136	567,652		
Total contractual service margin (net of reinsurance contracts held)	$ 13,243	$ 13,367	$ 12,458		
Equity					
Participating account surplus	$ 3,043	$ 3,022	$ 2,844		
Non-controlling interests	10	10	16		
Shareholder's equity	20,909	21,181	19,813		
Total equity	$ 23,962	$ 24,213	$ 22,673		
LICAT Ratio[2]	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 The Life Insurance Capital Adequacy Test (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.

Canada Life 2024 Highlights

Financial Performance

- For the twelve months ended December 31, 2024, net earnings attributable to the common shareholder (net earnings) were $3,140 million compared to $2,394 million a year ago, primarily due to risk-free interest rate movements which were favourable in the current year and unfavourable in the prior year. 2024 results also included an increase in net fee and spread income, primarily in Canada, through the addition of Investment Planning Counsel (IPC) and Value Partners Group (Value Partners). The positive earnings impact of these items was partially offset by the implementation of the Global Minimum Tax (GMT) in Europe and Capital and Risk Solutions.
- The Company maintained its strong capital position as evidenced by a Life Insurance Capital Adequacy Test (LICAT) Ratio at December 31, 2024 at 130%, which exceeded the OSFI Supervisory Target Total Ratio of 100%, and Supervisory Minimum Total Ratio of 90%.

Strategic Highlights

- 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 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.
- 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.
- The Capital and Risk Solutions business unit continued to grow by providing tailored solutions to customers while increasing diversification within the portfolio. In 2024, the Capital and Risk Solutions business unit continued to expand its international presence in targeted new markets, while continuing to focus on core markets and product expansion in Europe. 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.

- Canada Life 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.
- 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 business unit to deliver strong financial results.

- 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 line of business 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.

Net Earnings

	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
Net earnings					
Canada	$ 322	$ 434	$ 150	$ 1,474	$ 948
Europe	324	138	238	900	478
Capital and Risk Solutions	211	3	191	635	857
Corporate	23	30	42	131	111
Net earnings - common shareholder	$ 880	$ 605	$ 621	$ 3,140	$ 2,394
Net earnings - participating account	$ 30	$ (1)	$ 1	$ 107	$ 24
Total net earnings	$ 910	$ 604	$ 622	$ 3,247	$ 2,418

Net Earnings Attributable to the Common Shareholder

For the three months ended December 31, 2024, net earnings attributable to the common shareholder were $880 million, up from $621 million from the same period in 2023. The increase was primarily due to higher net fee and spread income in Canada and Europe and favourable impacts of risk-free interest rate movements, partially offset by favourable property catastrophe claims experience in the prior year that did not repeat in Capital and Risk Solutions as well as the impact of the GMT in Europe and Capital and Risk Solutions.

For the twelve months ended December 31, 2024, net earnings attributable to the common shareholder were $3,140 million, up from $2,394 million from the same period in 2023. The increase was primarily due to the same reasons discussed for the in-quarter results. These items were partially offset by the impact of assumption changes in Capital and Risk Solutions as well as the same reasons discussed for the in-quarter results.

Net Earnings Attributable to the Participating Account

For the three months ended December 31, 2024, net earnings attributable to the participating account was $30 million compared to net earnings of $1 million in the same quarter last year. The increase was primarily due to higher earnings on surplus and more favourable tax impacts.

For the twelve months ended December 31, 2024, net earnings attributable to the participating account were $107 million compared to net earnings of $24 million for the same period in 2023. The increase was primarily due to the same reasons discussed for the in-quarter results.

Assumption Changes and Management Actions

Assumption changes on insurance risks and certain management actions directly impact contractual service margin (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, 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	$ (21)	$ —	$ 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 business unit
Total	$ (311)	$ —	$ 16	$ 16	
For the three months ended December 31, 2023					
Total	$ 33	$ (20)	$ 109	$ 89	

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	$ 696	$ (239)	$ 5	$ (234)	Updates to reflect trends in longevity experience, primarily on portfolios in the Capital and Risk Solutions business unit and in the U.K. in the Europe business unit
Mortality	38	(64)	(13)	(77)	Updates to reflect trends in mortality, primarily on the U.S. life reinsurance portfolio in the Capital and Risk Solutions business unit
Policyholder behaviour	(399)	78	(1)	77	Updates to reflect renewal experience on term insurance in the Canada business unit
Other	(95)	1	96	97	Other updates, including financial and expense assumptions
Total non-participating, excluding segregated funds	$ 240	$ (224)	$ 87	$ (137)	
Segregated funds	(282)	—	—	—	Updates to reflect trends in withdrawal experience and model refinements, mainly in the Canada business unit
Total	$ (42)	$ (224)	$ 87	$ (137)	
For the twelve months ended December 31, 2023					
Total	$ 260	$ (78)	$ 64	$ (14)	

[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, and a decrease in CSM of $21 million and a positive net earnings impact of $16 million on non-participating business, excluding segregated funds.

In the Canada business unit, 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 business unit, CSM was negatively impacted by $2 million and net earnings were negatively impacted by $4 million. In the Europe business unit, CSM was negatively impacted by $17 million due to assumption changes on segregated fund business. Also in the Europe business unit, 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 Corporate business unit, CSM was positively impacted by $2 million and there was no impact to net earnings.

This compares to an increase in CSM of $270 million and a negative net earnings impact of $179 million on non-participating business in the previous quarter, and an increase in CSM of $33 million and a positive net earnings impact of $89 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 $240 million in CSM and a negative net earnings impact of $137 million on non-participating business excluding segregated funds. Additionally, assumption changes and management actions resulted in a decrease of $282 million in CSM on segregated fund business.

In the Canada business unit, CSM on non-participating business excluding segregated funds was negatively impacted by $371 million and net earnings were positively impacted by $145 million. Also in the Canada business unit, CSM on segregated funds was negatively impacted by $273 million. In the Capital and Risk Solutions business unit, CSM was positively impacted by $461 million and net earnings were negatively impacted by $243 million. In the Europe business unit, 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 business unit, CSM on segregated fund business was negatively impacted by $9 million. In the Corporate business unit, the CSM was positively impacted by $32 million and net earnings were negatively impacted by $6 million.

This compares to an increase in CSM of $260 million and a negative net earnings impact of $14 million for the same period in 2023.

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. The overall impact of currency movement on the Company's net earnings attributable to the common shareholder for the twelve months ended December 31, 2024 was an increase of $36 million 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 $626 million for the twelve months ended December 31, 2024 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 shareholder's 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)
Europe	(2)	(11)	2	(12)	(16)
Capital and Risk Solutions	1	(4)	(1)	(3)	(1)
Total	$ 2	$ (14)	$ 1	$ (13)	$ (19)

In the fourth quarter of 2024, the Company experienced net positive $2 million of credit-related experience in net investment result which was comparable to the same quarter last year.

For the twelve months ended December 31, 2024, the Company experienced net negative $13 million of credit-related experience in net investment result which was comparable to the same period last year.

Income Taxes

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. Legislation has been enacted by Canada, Barbados, Germany, Ireland, and the U.K. with an effective date of January 1, 2024.

The GMT is complex in nature and applies to Canada Life as part of a larger group of related companies. The Company is liable for GMT in respect of Barbados and Ireland, jurisdictions where the statutory tax rates are below 15%. A GMT current tax expense of $20 million has been recognized in the fourth quarter of 2024 ($104 million for the twelve months ended December 31, 2024).

In the fourth quarter of 2024, the effective income tax rate on net earnings for the common shareholder of 13.1% was up from negative 41.7% in the fourth quarter of 2023, mainly due to jurisdictional mix of earnings and a one-time tax benefit on a reinsurance recapture transaction in 2023. The GMT reflected in the fourth quarter of 2024 increased the effective income tax rate on net earnings for the common shareholder by 2.1 percentage points.

For the twelve months ended December 31, 2024, the effective income tax rate on net earnings for the common shareholder of 14.5% was up from negative 0.2% for the same period last year, due to the same reasons discussed for the in-quarter results and the GMT. The GMT increased the effective income tax rate on net earnings for the common shareholder by 2.8 percentage points.

In the fourth quarter of 2024, the overall effective income tax rate on net earnings of 12.8% was up from negative 51.4% in the fourth quarter of 2023 due to the same reasons discussed for the common shareholder in-quarter results. The GMT reflected in the fourth quarter of 2024 increased the effective income tax rate by 2.0 percentage points.

For the twelve months ended December 31, 2024, the overall effective income tax rate on net earnings of 12.3% was up from negative 3.4% for the same period last year, due to the same reasons discussed for the common shareholder year-to-date results. The GMT increased the effective income tax rate by 2.8 percentage points.

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

Segmented Operating Results

The consolidated operating results of Canada Life, including the comparative figures, are presented on an IFRS basis. The major reportable segments of the Company are the participating and shareholders' operations. Within these segments, the major business units are: Canada, Europe, Capital and Risk Solutions and Corporate. Business activities and transactions that are not associated with the specific business units are attributed to Corporate.

Translation of Foreign Currency

For the Europe and Capital and Risk Solutions business units, 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

Canada comprises of three distinct lines of business: Workplace Solutions, where 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; Individual Wealth Management, where the Company provides wealth savings and income products to individual customers; as well as Insurance & Annuities, where the Company provides individual life, disability and critical illness insurance products and services to individual customers.

Business Profile

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.

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

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.

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
Net earnings	$ 322	$ 434	$ 150	$ 1,474	$ 948
Sales[1]					
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
Fee and other income					
Workplace Solutions	$ 286	$ 268	$ 244	$ 1,081	$ 946
Individual Wealth Management	218	203	131	813	401
Fee and other income	$ 504	$ 471	$ 375	$ 1,894	$ 1,347
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 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

Net earnings

In the fourth quarter of 2024, Canada's net earnings of $322 million increased by $172 million 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. The impacts of risk-free interest rate movements were favourable in the current period and unfavourable in the prior period. These items were partially offset by lower individual insurance morbidity experience and lower earnings on surplus.

For the twelve months ended December 31, 2024, net earnings increased by $526 million to $1,474 million compared to 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, group life and health sales of $963 million decreased by $1,373 million compared to the same period last year, primarily due to the addition of the Canada federal government PSHCP last year. Group retirement sales for the twelve months ended December 31, 2024 of $3,410 million increased by $259 million, individual wealth management sales for the twelve months ended December 31, 2024 of $18,004 million increased by $8,203 million and insurance and annuities sales for the twelve months ended December 31, 2024 of $650 million increased by $13 million. These movements were primarily due to the same reasons discussed for the in-quarter results.

Fee and other income

Fee and other income for the fourth quarter of 2024 of $504 million increased by $129 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.

Fee and other income for the twelve months ended December 31, 2024 of $1,894 million increased by $547 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Contractual service margin (CSM)

At December 31, 2024, total contractual service margin was $5,474 million, a decrease of $398 million from December 31, 2023, 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 business unit 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.

Europe

The Europe business unit is comprised of three distinct business lines: Workplace Solutions, Individual Wealth & Asset Management and Insurance & Annuities. The business unit 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 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 Solution

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 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 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
Net earnings	$ 324	$ 138	$ 238	$ 900	$ 478
Sales[1]					
Workplace Solutions	$ 356	$ 381	$ 596	$ 1,537	$ 2,343
Individual Wealth & Asset Management	11,995	10,589	7,135	37,901	27,476
Insurance & Annuities	479	1,539	1,216	4,294	3,851
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
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 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

Net earnings

In the fourth quarter of 2024, Europe's net earnings of $324 million increased by $86 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, higher trading gains in the U.K. and favourable impacts of risk-free interest rate movements compared to the same period last year. These items were partially offset by less favourable group protection experience in the U.K., less favourable health experience in Ireland and the higher effective tax rate due to the implementation of the GMT.

For the twelve months ended December 31, 2024, net earnings increased by $422 million to $900 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results as well as growth in surplus income. These items were partially offset by the same reasons discussed for the in-quarter results as well as a change to certain tax estimates from the prior year in Germany that did not repeat.

Sales

Individual Wealth & Asset Management sales for the fourth quarter of 2024 of $11,995 million increased by $4,860 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 & Risk Solutions 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.

Individual Wealth & Asset Management sales for the twelve months ended December 31, 2024 of $37,901 million increased by $10,425 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 & Risk Solutions 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.

Fee and other income

Fee and other income for the fourth quarter of 2024 increased by $60 million to $261 million compared to the same quarter last year, 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.

Fee and other income for the twelve months ended December 31, 2024 increased by $138 million to $915 million compared to the same period last year, primarily due to 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, 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 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 business unit includes the operating results of the Reinsurance line of business which operates primarily in the U.S., Barbados, Bermuda and Ireland. Capital and Risk Solutions Corporate consists of items not associated directly with or allocated to the Reinsurance line of business as well as the results for the business unit's legacy international businesses.

Business Profile

Reinsurance

Reinsurance provides capital and risk solutions and operates primarily in the U.S., Barbados, Bermuda and Ireland. In the U.S. and Barbados, the reinsurance business operates 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 business unit continued to grow by providing tailored solutions to customers while increasing diversification within the portfolio. In 2024, the Capital and Risk Solutions business unit 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
Net earnings	$ 211	$ 3	$ 191	$ 635	$ 857
Contractual service margin					
Reinsurance - Non-Participating	$ 2,397	$ 2,244	$ 1,699		
Reinsurance - Participating	1	1	24		
Contractual service margin	$ 2,398	$ 2,245	$ 1,723		

Net earnings

In the fourth quarter of 2024, Capital and Risk Solutions' net earnings of $211 million increased by $20 million compared to the same quarter last year. The increase was primarily due to business growth, favourable claims experience in the U.S. life business, higher earnings on surplus, partially offset by the impact of the GMT and favourable property catastrophe claims experience in 2023 which did not recur.

For the twelve months ended December 31, 2024, net earnings decreased by $222 million to $635 million compared to the same period last year, primarily due to the impact of assumption changes in the third quarter of 2024, the impact of markets as well as same reasons discussed for the in-quarter results.

Contractual service margin

At December 31, 2024, total contractual service margin of $2,398 million, an increase of $675 million from December 31, 2023, 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 Company's reinsurance line of business 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.

Corporate

The Corporate business unit mainly comprises investment income and distributions related to capital, the United States branch business of Canada Life and other expenses not associated with major business units. The branch business includes the run-off of certain closed blocks of business. Empower Annuity Insurance Company of America (Empower), an affiliate of the Company, administers these closed blocks of business.

For the fourth quarter of 2024, net earnings decreased by $19 million to $23 million compared to the same quarter last year, primarily due to lower earnings on surplus, partially offset by lower operating expenses.

For the twelve months ended December 31, 2024, net earnings increased by $20 million to $131 million compared to the same period last year, primarily due to higher tax benefits, partially offset by higher operating and restructuring expenses.

Consolidated Financial Position

Assets

Assets under administration[1]

	As at December 31	
	2024	2023
Assets		
Invested assets	$ 153,891	$ 141,735
Insurance contract assets	858	902
Reinsurance contract held assets	6,544	6,546
Goodwill and intangible assets	9,693	9,556
Other assets	9,818	8,691
Investments on account of segregated fund policyholders	280,400	243,186
Total assets	461,204	410,616
Other assets under management[2]	114,997	89,325
Total assets under management[1]	576,201	499,941
Other assets under administration[2]	78,652	67,711
Total assets under administration[1]	$ 654,853	$ 567,652

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.

Total assets under administration at December 31, 2024 increased by $87.2 billion to $654.9 billion compared to December 31, 2023, primarily due to positive market movements in Europe and Canada.

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

	As at December 31, 2024		As at December 31, 2023	
Bonds				
Government & related	$ 38,903	25 %	$ 36,547	26 %
Corporate & other	61,960	40	55,357	39
Sub-total bonds	100,863	65	91,904	65
Mortgages	25,477	17	24,449	17
Stocks	14,794	10	13,589	10
Investment properties	8,235	5	7,849	5
Sub-total portfolio investments	149,369	97	137,791	97
Cash and cash equivalents	4,522	3	3,944	3
Total invested assets	$ 153,891	100 %	$ 141,735	100 %

At December 31, 2024, total invested assets were $153.9 billion, an increase of $12.2 billion from December 31, 2023. The increase in invested assets was primarily due to an increase in the fair value of bonds resulting from a decrease in bond yields in Canada as well as an increase in private equity investments due to purchases and market value increases. 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 $100.9 billion or 65% of invested assets at December 31, 2024 compared to $91.9 billion or 65% 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 76% 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	$ 12,681	13 %	$ 12,368	13 %
AA	26,884	27	25,905	28
A	36,862	36	31,680	35
BBB	23,711	23	21,429	23
BB or lower	725	1	522	1
Total	$ 100,863	100 %	$ 91,904	100 %

At December 31, 2024, non-investment grade bonds were $0.7 billion or 0.7% of the bond portfolio compared to $0.5 billion or 0.6% of the bond portfolio at December 31, 2023.

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	$ 13,142	13 %	$ 12,422	14 %
Government related	25,553	25	23,921	26
Agency securitized	208	1	204	—
Non-agency securitized	4,819	5	4,242	5
Financials	11,732	12	11,329	12
Communications	2,277	2	2,007	2
Consumer products	8,473	8	7,735	8
Energy	3,749	4	3,474	4
Industrials	4,694	5	4,308	5
Technology	2,069	2	1,827	2
Transportation	5,510	5	4,938	5
Utilities	18,637	18	15,497	17
Total	$ 100,863	100 %	$ 91,904	100 %

At December 31, 2024, total bonds were $100.9 billion compared to $91.9 billion at December 31, 2023. The increase was primarily due to an increase in the government related and utilities 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 mortgages held in the Europe business unit 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 business unit following well-defined lending criteria and held in the Canada, Europe and Capital and Risk Solutions business units. 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.

Mortgage loans by type	As at December 31, 2024 Insured[1]	Non-insured	Total		As at December 31, 2023 Total	
Single family residential	$ 251	$ 974	$ 1,225	5 %	$ 1,511	6 %
Multi-family residential	2,539	3,114	5,653	22	5,569	23
Equity release	—	4,818	4,818	19	4,203	17
Commercial	—	13,781	13,781	54	13,166	54
Total	$ 2,790	$ 22,687	$ 25,477	100 %	$ 24,449	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 $25.5 billion or 17% of invested assets at December 31, 2024, compared to $24.4 billion or 17% of invested assets at December 31, 2023. The increase in mortgages was primarily due to originations of commercial and equity release mortgages. At December 31, 2024, total insured loans were $2.8 billion or 11% of the mortgage portfolio, compared to $2.9 billion or 12% at December 31, 2023.

Commercial mortgages

	Canada Par	Canada Non-Par	Europe	Capital and Risk Solutions	Corporate	Total
As at December 31, 2024						
Retail & shopping centres	$ 2,969	$ 846	$ 1,142	$ 31	$ 30	$ 5,018
Industrial	3,037	950	982	88	198	5,255
Office buildings	990	384	1,148	19	19	2,560
Other	32	20	861	15	20	948
Total	$ 7,028	$ 2,200	$ 4,133	$ 153	$ 267	$ 13,781
As at December 31, 2023						
Retail & shopping centres	$ 2,715	$ 774	$ 1,097	$ 27	$ 29	$ 4,642
Industrial	2,970	1,047	835	69	149	5,070
Office buildings	1,027	366	1,161	29	17	2,600
Other	32	24	757	22	19	854
Total	$ 6,744	$ 2,211	$ 3,850	$ 147	$ 214	$ 13,166

Throughout 2024, commercial real estate office markets in Europe and North America showed signs of slowdown due to 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.

Single family residential mortgages

Region	**As at December 31, 2024**		As at December 31, 2023	
Ontario	$ 678	55 %	$ 831	55 %
Quebec	215	18	267	18
Saskatchewan	65	5	84	6
Alberta	58	5	74	5
British Columbia	47	4	55	4
Newfoundland	44	4	56	4
New Brunswick	44	4	52	3
Manitoba	38	3	48	3
Nova Scotia	31	2	38	2
Other	5	—	6	—
Total	$ 1,225	100 %	$ 1,511	100 %

During the twelve months ended December 31, 2024, single family mortgage originations, including renewals, were $71 million, of which 20% were insured (18% for the year ended December 31, 2023). 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. Loans that are insured are subject to the requirements of the mortgage default insurance provider. The weighted average remaining amortization period for the single family residential mortgage portfolio was 20 years as at December 31, 2024 (22 years as at December 31, 2023).

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 $30 million, compared to $35 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 $23.0 billion or 15% of invested assets at December 31, 2024 compared to $21.4 billion or 15% 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 $0.2 billion and the increase in privately held stocks of $1.0 billion were primarily due to purchases and market value increases. The increase in investment properties of $0.4 billion was mainly the result of market value increases.

	Canada				
	Par	Non-Par	Europe	Total	
As at December 31, 2024					
Equity portfolio by type[1]					
Publicly traded stocks	$ 8,536	$ 2,498	$ 357	$ 11,391	49 %
Privately held stocks	1,977	1,158	268	3,403	15
Sub-total	10,513	3,656	625	14,794	64
Investment properties	5,164	964	2,107	8,235	36
Total	$ 15,677	$ 4,620	$ 2,732	$ 23,029	100 %
As at December 31, 2023					
Equity portfolio by type					
Publicly traded stocks	$ 7,951	$ 2,808	$ 465	$ 11,224	52 %
Privately held stocks	1,306	820	239	2,365	11
Sub-total	9,257	3,628	704	13,589	63
Investment properties	4,615	928	2,306	7,849	37
Total	$ 13,872	$ 4,556	$ 3,010	$ 21,438	100 %

Investment properties[1]

	Canada				
	Par	Non-Par	Europe	Total	
As at December 31, 2024					
Industrial	$ 2,016	$ 287	$ 673	$ 2,976	36 %
Office buildings	933	164	510	1,607	20
Retail	184	24	632	840	10
Other	2,031	489	292	2,812	34
Total	$ 5,164	$ 964	$ 2,107	$ 8,235	100 %
As at December 31, 2023					
Industrial	$ 1,906	$ 271	$ 847	$ 3,024	38 %
Office buildings	973	159	508	1,640	21
Retail	181	24	625	830	11
Other	1,555	474	326	2,355	30
Total	$ 4,615	$ 928	$ 2,306	$ 7,849	100 %

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

Throughout 2024, commercial real estate office markets in Europe and North America showed signs of slowdown due to dampened demand from a continued lag 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 $972 million ($1,210 million at December 31, 2023) and pledged on derivative liabilities was $1,652 million ($755 million at December 31, 2023). Collateral received on derivative assets decreased and collateral pledged on derivative liabilities increased in 2024, primarily driven by the impact of the U.S. dollar strengthening against the Canadian dollar cross-currency swaps that pay U.S. and receive Canadian dollars.

During the twelve-month period ended December 31, 2024, the outstanding notional amount of derivative contracts increased by $11.5 billion to $52.1 billion, primarily due to increases in 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, decreased to $1.46 billion at December 31, 2024 from $1.49 billion at December 31, 2023. The decrease was 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. 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	$ 6,827	$ 7,072
Indefinite life intangible assets	1,394	1,250
Finite life intangible assets	1,472	1,234
Total	$ 9,693	$ 9,556

The Company's goodwill and intangible assets relate primarily to business acquisitions made by the Company. Goodwill and intangible assets of $9.7 billion at December 31, 2024 was comparable to December 31, 2023, driven 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.

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	$ 2,647	$ 2,344
Accounts and interest receivable	3,704	3,117
Deferred tax assets	958	804
Derivative financial instruments	1,458	1,486
Owner occupied properties	589	544
Fixed assets	277	252
Current income taxes	185	144
Total	$ 9,818	$ 8,691

Total other general fund assets at December 31, 2024 were $9.8 billion, an increase of $1.1 billion from December 31, 2023. The increase was primarily due to an increase of $0.6 billion in accounts and interest receivable, an increase of $0.3 billion in other assets 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 Policyholders

	As at December 31	
	2024	2023
Stock and units in unit trusts	$ 154,418	$ 130,400
Mutual funds	57,257	47,603
Bonds	36,663	34,174
Investment properties	11,317	12,071
Cash and other	12,580	10,846
Mortgage loans	2,083	2,022
Sub-total	$ 274,318	$ 237,116
Non-controlling mutual funds interest	6,082	6,070
Total	$ 280,400	$ 243,186

Investments on account of segregated fund policyholders, which are measured at fair value, increased by $37.2 billion to $280.4 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 $29.7 billion, the impact of currency movement of $5.0 billion and net deposits of $2.5 billion.

Liabilities

Total Liabilities

	As at December 31	
	2024	2023
Insurance contract liabilities	$ 140,310	$ 129,689
Reinsurance contract held liabilities	628	475
Investment contract liabilities	4,687	4,953
Other general fund liabilities	10,217	8,640
Preferred shares	1,000	1,000
Insurance contracts on account of segregated fund policyholders	51,934	47,410
Investment contracts on account of segregated fund policyholders	228,466	195,776
Total	$ 437,242	$ 387,943

Total liabilities increased by $49.3 billion to $437.2 billion at December 31, 2024 from December 31, 2023.

Insurance contract liabilities increased by $10.6 billion. The increase was primarily due to market movements, the impact of currency movements and normal business movements.

Investment contract liabilities decreased by $0.3 billion. The decrease was primarily due to normal business movements, partially offset by market movements.

Other general fund liabilities increased by $1.6 billion. The increase was primarily due to an increase in derivative financial instruments and accounts payable.

Investment and insurance contracts on account of segregated fund policyholders increased by $37.2 billion, primarily due to the combined impact of market value gains and investment income of $29.7 billion, the impact of currency movement of $5.0 billion and net deposits of $2.5 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 additional details.

Assets supporting insurance and investment contract liabilities

		Non-participating				
	Participating Account	Canada	Europe	Capital and Risk Solutions	Corporate	Total
December 31, 2024						
Bonds	$ 29,319	$ 22,522	$ 27,228	$ 6,716	$ 13	$ 85,798
Mortgage loans	12,349	4,085	7,359	751	—	24,544
Stocks	10,663	2,698	396	—	—	13,757
Investment properties	4,645	728	1,909	—	—	7,282
Other assets[1]	1,754	4,974	5,382	—	1,506	13,616
Total	$ 58,730	$ 35,007	$ 42,274	$ 7,467	$ 1,519	$ 144,997
Total insurance and investment contract liabilities	$ 58,730	$ 35,007	$ 42,274	$ 7,467	$ 1,519	$ 144,997
December 31, 2023						
Bonds	$ 24,807	$ 21,408	$ 25,738	$ 4,938	$ 13	$ 76,904
Mortgage loans	12,858	4,244	6,707	488	—	24,297
Stocks	9,894	2,782	467	—	—	13,143
Investment properties	4,665	644	2,113	—	—	7,422
Other assets[1]	970	5,809	4,582	48	1,467	12,876
Total	$ 53,194	$ 34,887	$ 39,607	$ 5,474	$ 1,480	$ 134,642
Total insurance and investment contract liabilities	$ 53,194	$ 34,887	$ 39,607	$ 5,474	$ 1,480	$ 134,642

[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.

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

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
Europe	44,401	1,016	5,195	50,612	3,709	54,321
Capital and Risk Solutions	2,733	1,965	2,398	7,096	231	7,327
Corporate	1,854	16	176	2,046	—	2,046
Total	$ 153,908	$ 4,823	$ 13,243	$ 171,974	$ 13,496	$ 185,470
As at December 31, 2023						
Canada	$ 95,943	$ 1,935	$ 5,872	$ 103,750	$ 9,267	$ 113,017
Europe	40,615	1,064	4,718	46,397	3,614	50,011
Capital and Risk Solutions	1,101	2,107	1,723	4,931	226	5,157
Corporate	1,781	15	145	1,941	—	1,941
Total	$ 139,440	$ 5,121	$ 12,458	$ 157,019	$ 13,107	$ 170,126

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

At December 31, 2024, total net insurance contract liabilities were $185.5 billion, an increase of $15.3 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-Par	**Par**	**Total**
CSM beginning of period, December 31, 2023	$ 9,488	$ 2,970	$ 12,458
Impact of new insurance business	828	119	947
Expected movements from asset returns & locked-in rates	386	178	564
CSM recognized for services provided	(979)	(133)	(1,112)
Insurance experience gains/losses	(188)	—	(188)
Organic CSM movement	$ 47	$ 164	$ 211
Impact of markets	357	154	511
Impact of changes in assumptions and management actions	(42)	(194)	(236)
Currency impact	293	6	299
Total CSM movement	$ 655	$ 130	$ 785
CSM end of period, December 31, 2024	$ 10,143	$ 3,100	$ 13,243

[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 was $10.1 billion, an increase of $655 million from December 31, 2023. The increase was primarily driven by market impacts of $357 million and currency impacts of $293 million.

At December 31, 2024, total contractual service margin was $13.2 billion, an increase of $785 million from December 31, 2023. The increase was mainly driven by market impacts of $511 million and currency impacts of $299 million.

Other General Fund Liabilities

	As at December 31	
	2024	2023
Debentures and other debt instruments	$ 807	$ 748
Other liabilities	4,534	4,401
Accounts payable	2,028	1,672
Deferred tax liabilities	547	514
Derivative financial instruments	2,074	1,208
Current income taxes	227	97
Total	$ 10,217	$ 8,640

Total other general fund liabilities at December 31, 2024 were $10.2 billion, an increase of $1.6 billion from December 31, 2023. The increase was primarily due to an increase of $0.9 billion in derivative financial instruments, primarily driven by the impact of the U.S. dollar strengthening against the Canadian dollar cross-currency swaps that pay U.S. and receive Canadian dollars, an increase of $0.4 billion in accounts payable and an increase of $0.1 billion in other liabilities.

Other liabilities of $4.5 billion include pension and other post-employment benefits, lease liabilities, deferred income reserve, bank overdraft 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 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 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, Ireland and Germany was $1,997 million ($2,004 million at December 31, 2023).

Segregated fund and variable annuity guarantee exposure

	December 31, 2024				
		Investment deficiency by benefit type			
	Market Value	**Income**	**Maturity**	**Death**	**Total**[1]
Canada	$ 36,099	$ 1	$ 4	$ 12	$ 12
Europe	13,013	3	—	1,143	1,143
Capital and Risk Solutions[2]	718	94	—	—	94
Total	$ 49,830	$ 98	$ 4	$ 1,155	$ 1,249

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 $200 million to $1,249 million compared to December 31, 2023, primarily due to 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 business unit related to a legacy block of business.

Capital Structure

Debentures and Other Debt Instruments

At December 31, 2024, debentures and other debt instruments increased by $59 million to $807 million compared to December 31, 2023.

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

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco). The Company’s share capital consists of common shares and preferred shares issued by the Company. At December 31, 2024, there were 2,419,730 common shares of the Company issued and outstanding with a stated value of $7,995 million (2,419,730 and $7,995 million as at December 31, 2023).

Participating account surplus and shareholder's equity

As at December 31, 2024, the Company's total participating account surplus and shareholder's equity was $24.0 billion compared to $22.7 billion at December 31, 2023. The increase was primarily due to net earnings of $3.1 billion as well as other comprehensive income of $0.9 billion, partially offset by dividends paid on common shares of $2.8 billion.

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]	$	4,522	$	331	$	4,191
Short-term bonds[2]		3,620		348		3,272
Sub-total	$	8,142	$	679	$	7,463
Other assets and marketable securities						
Government bonds[2]	$	36,167	$	10,370	$	25,797
Corporate bonds[2]		61,076		31,455		29,621
Stocks[1]		14,794		3,403		11,391
Mortgage loans[1]		25,477		22,687		2,790
Sub-total	$	137,514	$	67,915	$	69,599
Total	$	145,656	$	68,594	$	77,062
As at December 31, 2023 (Restated)						
Cash, cash equivalents and short-term bonds						
Cash and cash equivalents[1]	$	3,944	$	272	$	3,672
Short-term bonds[2]		4,015		373		3,642
Sub-total	$	7,959	$	645	$	7,314
Other assets and marketable securities						
Government bonds[2]	$	34,048	$	7,820	$	26,228
Corporate bonds[2]		53,841		25,678		28,163
Stocks[1]		13,589		2,365		11,224
Mortgage loans[1]		24,449		21,535		2,914
Sub-total	$	125,927	$	57,398	$	68,529
Total	$	133,886	$	58,043	$	75,843

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 $100.9 billion ($91.9 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. At December 31, 2024, the Company and its operating subsidiaries held liquid cash, cash equivalents and short-term bonds of $7.5 billion ($7.3 billion at December 31, 2023) and other liquid assets and marketable securities of $69.6 billion ($68.5 billion at December 31, 2023). In addition, the Company maintains committed lines of credit with Canadian chartered banks for potential unanticipated liquidity needs, if required.

The Company does not have a formal common shareholder dividend policy. 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.

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.

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.

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	$ 1,422	$ 1,223	$ 3,347	$ 3,836
Financing	(1,209)	(470)	(2,838)	(2,934)
Investment	(2)	(655)	(103)	(745)
	211	98	406	157
Effects of changes in exchange rates on cash and cash equivalents	30	19	172	26
Increase (decrease) in cash and cash equivalents in the period	241	117	578	183
Cash and cash equivalents, beginning of period	4,281	3,827	3,944	3,761
Cash and cash equivalents, end of period	$ 4,522	$ 3,944	$ 4,522	$ 3,944

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 $241 million from September 30, 2024. Cash flows provided by operations during the fourth quarter of 2024 were $1,422 million, an increase of $199 million compared to the fourth quarter of 2023, primarily due to higher net earnings after taxes and lower net purchases of portfolio investments compared to the same quarter last year, partially offset by less favourable fair value adjustments. Cash flows used by financing activities of $1,209 million were primarily used for the payment of dividends to the common shareholder.

For the twelve months ended December 31, 2024, cash and cash equivalents increased by $578 million from December 31, 2023. Cash flows provided by operations were $3,347 million, a decrease of $489 million compared to the same period last year, primarily due to less favourable fair value adjustments and higher net purchases of portfolio investments, partially offset by higher net earnings after taxes. Cash flows used by financing activities of $2,838 million were primarily used for the same reason discussed for the in-quarter results.

Commitments/Contractual Obligations

Commitments/contractual obligations

	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	$ 653	$ —	$ —	$ —	$ 100	$ 55	$ 498
2) Lease obligations	250	38	38	33	28	26	87
3) Purchase obligations	262	92	69	45	30	11	15
4) Credit-related arrangements							
(a) Contractual commitments	4,982	4,828	116	30	8	—	—
(b) Letters of credit	see note 4(b) below						
5) Pension contributions	122	122	—	—	—	—	—
Total contractual obligations	$ 6,269	$ 5,080	$ 223	$ 108	$ 166	$ 92	$ 600

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$1,639 million of which US$862 million were issued as of December 31, 2024.

The Reinsurance line of business 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.

The remaining US$139 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%. The Company is operating well above these supervisory ratios.

Canada Life's consolidated LICAT Ratio at December 31, 2024 was 130%.

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.

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.

Ratings

The parent company of the Company, Great-West Lifeco Inc. (Lifeco) and its operating companies maintain ratings from five independent ratings companies. Credit ratings[2] 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, including Canada Life, are assigned a group rating from each rating agency. This group rating is predominantly supported by Canada Life's and other major affiliates' 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 Canada Life were unchanged. As of December 31, 2024, all agency outlooks for Canada Life were unchanged at stable.

The following table summarizes the financial strength ratings for Canada Life:

AM Best Company	Fitch Ratings	Moody's Ratings	Morningstar DBRS	S&P Global Ratings
A+	AA	Aa3	AA	AA

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

[2] 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.

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.

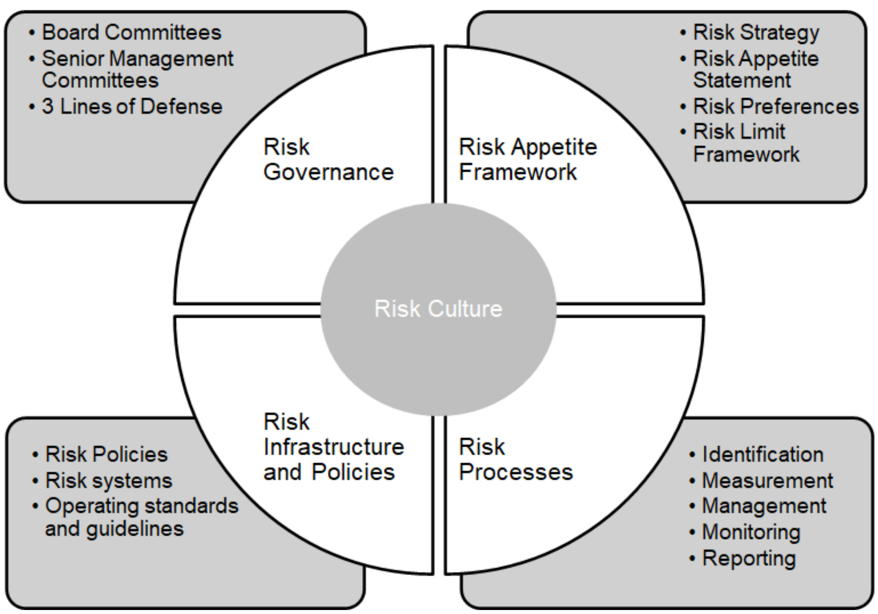
The Company has a prudent and measured approach to risk management, reinforced by a strong risk culture and guided by an integrated Enterprise Risk Management (ERM) Framework. This framework aligns our business strategy with our risk appetite, informs capital allocation and supports the identification, 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 supervise the management of the business and affairs of the Company. The Board is ultimately accountable and responsible for the governance and oversight of risk throughout the Company. The Board annually approves the strategic goals, objectives, plans and initiatives for the Company, and in so doing reviews the risks associated with the Company’s diverse business, 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 its reinsurance business and to the British pound and the euro resulting from its Europe and Capital and Risk Solutions businesses operating in the U.K., the Isle of Man, Ireland and Germany.

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 $19 million, $28 million and $27 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, including the impact of instruments designated as hedges of net investments on foreign operations, in accumulated other comprehensive income (loss) of shareholder’s equity by approximately $119 million, $204 million and $215 million, respectively, as at December 31, 2024.

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 46% 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. The liabilities which are subject to discretionary withdrawal mainly arise from Canadian participating account business. 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. Legislation has been enacted in Canada, Barbados, Germany, Ireland, and the U.K. with an effective date of January 1, 2024.

The GMT is complex in nature and applies to Canada Life as part of a larger group of related companies. The Company is liable for GMT in respect of Barbados and Ireland, jurisdictions where the statutory tax rates are below 15%.

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 "Income 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

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)	(625)
5% Morbidity adverse change	(150)	(125)	(200)	(100)
5% Expense increase	—	—	(125)	(150)
10% Adverse change in policy termination and renewal	(50)	—	(825)	(850)
December 31, 2023				
2% Life mortality increase	$ (100)	$ (100)	$ (375)	$ (175)
2% Annuity mortality decrease	175	150	(700)	(600)
5% Morbidity adverse change	(150)	(125)	(225)	(100)
5% Expense increase	—	—	(150)	(150)
10% Adverse change in policy termination and renewal	50	50	(1,000)	(925)

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.

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 shareholder's 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 shareholder's 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.

Financial Exposures and Sensitivities

	Net earnings		Equity		CSM[1]		LICAT[2]	
	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	$ 100	$ 150	$ 75	$ 150	$ 75	$ 175	(1 point)	0 point
50 basis points decrease	(125)	(225)	(125)	(225)	(100)	(250)	< 1 point	0 point
Change in credit spreads								
50 basis points increase	$ 225	$ 275	$ 325	$ 350	$ 50	$ 175	0 point	1 point
50 basis points decrease	(275)	(350)	(400)	(450)	(75)	(250)	< (1 point)	(1 point)
Change in publicly traded common stock values								
20% increase	$ 100	$ 150	$ 350	$ 425	$ 450	$ 525	(1 point)	0 point
10% increase	50	75	175	200	225	275	< (1 point)	0 point
10% decrease	(50)	(75)	(175)	(200)	(225)	(300)	< 1 point	0 point
20% decrease	(100)	(150)	(375)	(425)	(425)	(550)	< (1 point)	(1 point)
Change in other non-fixed income asset values								
10% increase	$ 400	$ 400	$ 450	$ 425	$ —	$ —	1 point	1 point
5% increase	200	200	225	225	—	—	< 1 point	< 1 point
5% decrease	(225)	(200)	(225)	(225)	—	—	< (1 point)	< (1 point)
10% decrease	(450)	(425)	(475)	(450)	—	—	(1 point)	(1 point)

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

2 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 on shareholder's net earnings, shareholder's 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 and the U.K., and are positively impacted by a parallel decrease in interest rates in the U.S. and 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 shareholder's 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 shareholder's 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 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 period 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

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 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 above.

***Investment return*s** – 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 "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 risk adjustment for insurance contracts issued by the Company reflects the degree of diversification available across the Lifeco operations. Lifeco’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**	5.1 %	5.4 %	5.7 %	6.1 %	5.8 %	5.3 %
	Upper	5.3 %	5.6 %	5.8 %	6.2 %	6.0 %	5.4 %
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	5.9 %	5.0 %	5.0 %	5.5 %	5.1 %	4.8 %
	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 and its 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 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 and its 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	4.3 %	4.9%	4.7 %	5.3 %
Discount rate - future service liabilities	4.6 %	5.3%	4.7 %	5.3 %
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	4.4 %	4.3%	4.6 %	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			4.6 %	4.6 %
Ultimate medical cost trend rate			4.0 %	4.0 %
Year ultimate trend rate is reached			2040	2040

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	$ (735)	$ (716)	$ 936	$ 908
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	$ 13	$ 12	$ (12)	$ (11)
Impact of a change to the discount rate	(20)	(20)	24	24

[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 $158 million ($158 million in 2023) for the defined benefit pension plans and $6 million ($6 million in 2023) for other post-employment benefits.

Funding – The Company and its subsidiaries have both funded and unfunded pension plans as well as other post-employment benefit plans that are unfunded. The funded pension plans are funded to or above the amounts required by relevant legislation. During the year, the Company and its subsidiaries contributed $94 million ($136 million in 2023) to the pension plans and made benefit payments of $20 million ($17 million in 2023) for post-employment benefits. The Company and its subsidiaries expect to contribute $103 million to the pension plans and make benefit payments of $19 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.

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.

Assets under administration

	Dec. 31 2024	Sept. 30 2024	Dec. 31 2023
Total assets per financial statements	$ 461,204	$ 455,695	$ 410,616
Other AUM	114,997	107,603	89,325
Total AUM	$ 576,201	$ 563,298	$ 499,941
Other AUA	78,652	76,838	67,711
Total AUA	$ 654,853	$ 640,136	$ 567,652

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.

- **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.

- **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

- **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.
- **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.

Selected Annual Information

Selected annual information
(in $ millions)

	Years ended December 31		
	2024	2023	2022 (Restated)[1]
Total revenue	$ 30,859	$ 31,495	$ 5,666
Net earnings - common shareholder			
Net earnings - common shareholder	$ 3,140	$ 2,394	$ 3,377
Total assets under administration			
Total assets	$ 461,204	$ 410,616	$ 378,654
Other assets under management[2]	114,997	89,325	65,410
Total assets under management[2]	576,201	499,941	444,064
Other assets under administration[3]	78,652	67,711	37,689
Total assets under administration[2]	$ 654,853	$ 567,652	$ 481,753

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

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

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

Quarterly Financial Information

Quarterly financial information
(in $ millions)

	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1
Insurance revenue	$ 5,348	$ 5,242	$ 5,222	$ 5,195	$ 5,117	$ 5,057	$ 5,032	$ 4,982
Net investment income	1,702	1,242	1,436	1,339	1,344	1,294	1,123	1,116
Changes in fair value on FVTPL assets	(1,298)	4,288	(781)	(929)	7,761	(4,013)	(1,719)	2,238
Fee and other income	777	712	694	670	586	522	543	512
Total revenue	$ 6,529	$ 11,484	$ 6,571	$ 6,275	$ 14,808	$ 2,860	$ 4,979	$ 8,848
Insurance service operating and administrative expenses[1]	$ 425	$ 423	$ 423	$ 423	$ 408	$ 397	$ 405	$ 447
Other operating and administrative expenses	802	781	775	730	824	602	617	592
Total operating and administrative expenses	$ 1,227	$ 1,204	$ 1,198	$ 1,153	$ 1,232	$ 999	$ 1,022	$ 1,039
Amortization of finite life intangible assets	48	47	47	43	27	47	44	42
Financing charges	26	26	27	26	27	26	26	26
Restructuring and integration expenses	3	23	—	23	114	12	—	—
Total expenses	$ 1,304	$ 1,300	$ 1,272	$ 1,245	$ 1,400	$ 1,084	$ 1,092	$ 1,107
Net earnings - Participating account[2]	$ 30	$ (1)	$ 51	$ 27	$ 1	$ 20	$ 24	$ (21)
Net earnings - Common shareholder	$ 880	$ 605	$ 800	$ 855	$ 621	$ 768	$ 463	$ 542

[1] 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 of cash flows and amortization of insurance acquisition cash flows.

[2] Net earnings for the participating account represents the in-year earnings for the account(s) after dividend distributions.

Total revenue

Total revenue for the fourth quarter of 2024 was $6,529 million and comprises insurance revenue of $5,348 million (5,117 million for the same quarter last year), net investment income of $1,702 million ($1,344 million for the same quarter last year), a change in fair value through profit or loss on investment assets of negative $1,298 million (changes of positive $7,761 million for the same quarter last year) and fee and other income of $777 million ($586 million for the same quarter last year).

Insurance revenue

Insurance revenue for the fourth quarter of 2024 was $5,348 million, an increase of $231 million compared to the same quarter last year, primarily due to higher earnings on short-term insurance contracts in Canada and higher CSM recognized for services provided in Europe and Capital and Risk Solutions.

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, was $404 million, a decrease of $8,701 million compared to the same quarter last year. The change in fair value in the fourth quarter of 2024 was a loss of $1,298 million compared to a gain of $7,761 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 $1,702 million, which excludes changes in fair value through profit or loss, increased by $358 million compared to the same quarter last year, primarily due to interest earned on bond investments and 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 $777 million, an increase of $191 million compared to the same quarter last year, primarily due to the addition of IPC and Value Partners in Canada 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 in Europe.

Expenses

Expenses for the fourth quarter of 2024 were $1,304 million, a decrease of $96 million compared to the same quarter last year, driven by restructuring and integration expenses, primarily due to restructuring provisions from the prior year in the Europe business unit that did not repeat.

Net earnings

The Company's consolidated net earnings attributable to the common shareholder in the fourth quarter of 2024 were $880 million compared to $621 million reported a year ago. Net earnings attributable to the participating account were $30 million compared to net earnings of $1 million for the fourth quarter of 2023.

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 Canada Life'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

The Company utilizes internal reinsurance transactions between companies in the Lifeco group of companies. 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 transactions may produce benefits that were reflected in one or more of the Company's other business units and were at market terms and conditions.

A subsidiary of the Company has agreements with Empower, an affiliated company, to assume certain life business. In 2024, for the Consolidated Statements of Earnings, these transactions resulted in an increase in insurance service result of $9 million (increase of $1 million in 2023) and a decrease in net investment result of $11 million (increase of $6 million in 2023). The transactions were at market terms and conditions.

During 2005, Great-West Life & Annuity Insurance Company of South Carolina (GWSC), an affiliated company, assumed on a coinsurance basis with funds withheld, certain of Canada Life's U.S. term life reinsurance business. During 2007, an additional amount of U.S term life reinsurance business was retroceded by Canada Life to GWSC. In 2024, for the Consolidated Statements of Earnings, these transactions resulted in a reduction in insurance service result of $32 million ($28 million in 2023) and an increase in net investment result of $9 million ($25 million in 2023). These transactions were at market terms and conditions.

Other Transactions with Related Parties

In the normal course of business, the Company provided insurance benefits and other services to other companies within the Power Corporation group of companies. In all cases, transactions were at market terms and conditions.

During the year, the Company provided to and received from IGM Financial Inc. (IGM) and its subsidiaries, a member of the Power Corporation group of companies, certain administrative services. The Company 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 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 (refer to note 6 in the Company's December 31, 2024 annual consolidated financial statements for further information).

During 2008, the Company issued $2 billion of 7.127% debentures to Lifeco. The Company made a corresponding investment of $2 billion in preferred shares of a wholly-owned subsidiary of Lifeco. The Company also issued $1.2 billion of 5.75% debentures to Lifeco in 2003. The Company made a corresponding investment of $1.2 billion in preferred shares of a wholly-owned subsidiary of Lifeco. The Company has legally enforceable rights to settle these financial instruments on a net basis, and the Company intends to exercise these rights. Accordingly, the investments and debentures are offset in the consolidated financial statements of the Company.

Power Corporation also controls Sagard Holdings Inc. (Sagard), a multi-strategy alternative asset manager, Power Sustainable Manager Inc. (Power Sustainable), a global multi-platform alternative asset manager, and Portage Ventures (Portage), a global fintech venture capital investment strategy. Lifeco has a minority investment in Sagard and in 2024 entered into a long-term strategic partnership with Power Sustainable. 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.

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, unit trusts and private equity funds. Some of these funds are managed by related parties of the Company, who are paid management fees related to these services. During 2024, the Company made additional investments in funds managed by related parties. All transactions were provided at market terms and conditions (refer to note 17 in the Company's December 31, 2024 annual consolidated financial statements for further information).

The Company held debentures issued by IGM with a carrying value of $90 million at December 31, 2024 ($88 million at December 31, 2023).

The Company held investments in Collateralized Loan Obligations managed by Empower Capital Management, LLC with a carrying value of $263 million at December 31, 2024 ($204 million at December 31, 2023).

The Company has service agreements with a subsidiary of Empower to provide administrative and information technology services to the Company.

On December 22, 2020 the Company issued to Great-West Lifeco U.S. LLC, an affiliated entity, a U.S. $65 million ($94 million at December 31, 2024 and $86 million at December 31, 2023), 5-year loan with an annual interest rate of 1.25%. During 2024, interest income of $1 million ($1 million in 2023) is included in the Consolidated Statements of Earnings.

On December 7, 2016 Lifeco issued to the Company a €200 million ($298 million at December 31, 2024 and $292 million at December 31, 2023), 15-year loan with an annual interest rate of 2.53% until first par call date of December 7, 2026, and, thereafter at a rate equal to the five-year euro semi-annual mid-swap rate plus 1.85% (refer to note 18 in the Company's 2024 annual consolidated financial statements for further information). During 2024, interest expense of $7 million ($7 million in 2023) is included in the Consolidated Statements of Earnings.

The Company has 6.74% debentures due to Lifeco, its parent, which have an outstanding balance of $200 million ($200 million in 2023). Financing charges of $13 million is included in the Consolidated Statements of Earnings ($13 million in 2023).

On January 13, 2023, the Company issued a $2 billion 5.30% debenture to Lifeco. The Company made a corresponding investment of $2 billion in preferred shares of a wholly owned subsidiary of Lifeco. The Company has a legally enforceable right to settle these financial instruments on a net basis and the Company intends to exercise this right. Accordingly, the investment and debenture will be offset in the consolidated financial statements of the Company.

On October 26, 2023, the Company issued a $2 billion 6.15% debenture to Lifeco. The Company made a corresponding investment of $2 billion in preferred shares of a wholly owned subsidiary of Lifeco. The Company has a legally enforceable right to settle these financial instruments on a net basis and the Company intends to exercise this right. Accordingly, the investment and debenture will be offset in the consolidated financial statements of the Company.

During 2024, the Company redeemed the $185 million 6.15% debenture issued to a wholly owned subsidiary of Lifeco in 2023. Also redeemed was $185 million of preferred shares in that subsidiary. The Company had a legally enforceable right to settle these financial instruments on a net basis. Accordingly, the investment and debenture were offset in the consolidated financial statements of the Company at December 31, 2023.

Translation of Foreign Currency

Through its operating subsidiaries, the Company 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 Canada Life, including Canada Life's most recent consolidated financial statements and CEO/CFO certification are available at www.sedarplus.com.

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