

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED JUNE 30, 2024

DATED: AUGUST 6, 2024

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

### TABLE OF CONTENTS

<b>Basis of Presentation and Summary of Accounting Policies</b>		<b>Liquidity and Capital Management</b>	
2	<a href="#">Cautionary Note Regarding Forward-Looking Information</a>	28	<a href="#">Liquidity</a>
3	<a href="#">Cautionary Note Regarding Non-GAAP Financial Measures and Ratios</a>	29	<a href="#">Cash Flows</a>
		29	<a href="#">Commitments/Contractual Obligations</a>
		30	<a href="#">Capital Management and Adequacy</a>
		31	<a href="#">Return on Equity</a>
		31	<a href="#">Ratings</a>
<b>Consolidated Operating Results</b>		<b>Risk Management and Control Practices</b>	
4	<a href="#">Financial Highlights</a>	32	<a href="#">Risk Management and Control Practices</a>
5	<a href="#">2024 Developments</a>	32	<a href="#">Exposures and Sensitivities</a>
6	<a href="#">Base and Net Earnings</a>		
9	<a href="#">Taxes</a>	<b>Accounting Policies</b>	
10	<a href="#">Lifeco Value Drivers</a>	33	<a href="#">International Financial Reporting Standards</a>
<b>Segmented Operating Results</b>		<b>Other Information</b>	
13	<a href="#">Canada</a>	34	<a href="#">Non-GAAP Financial Measures and Ratios</a>
16	<a href="#">United States</a>	41	<a href="#">Glossary</a>
18	<a href="#">Europe</a>	44	<a href="#">Disclosure Controls and Procedures</a>
20	<a href="#">Capital and Risk Solutions</a>	44	<a href="#">Internal Control Over Financial Reporting</a>
22	<a href="#">Lifeco Corporate</a>	44	<a href="#">Transactions with Related Parties</a>
		44	<a href="#">Quarterly Financial Information</a>
		45	<a href="#">Translation of Foreign Currency</a>
		45	<a href="#">Additional Information</a>
<b>Consolidated Financial Position</b>			
23	<a href="#">Assets</a>		
25	<a href="#">Liabilities</a>		
27	<a href="#">Lifeco Capital Structure</a>		

### Basis of Presentation and Summary of Material Accounting Policies

The condensed consolidated financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's condensed consolidated interim unaudited financial statements for the period ended June 30, 2024. Refer also to the "Accounting Policies" section of this MD&A and the Annual MD&A and audited consolidated financial statements for the year ended December 31, 2023.

Base earnings figures for the first quarter of 2024 are presented on a "pro forma" basis as if the Global Minimum Tax legislation had been enacted in Canada in the first quarter of 2024. Base earnings have been presented on this basis for the Europe and Capital & Risk Solutions segments, at the Lifeco consolidated level and also by value driver. See the "Taxes" section in this MD&A for further details.

### Cautionary Note Regarding Forward-Looking Information

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

Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance, mutual fund and retirement solutions industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. In particular, in setting its objective to achieve base earnings growth in the Empower business of 15-20% in 2024, management has assumed pre-tax revenue synergies related to the Prudential acquisition of US\$20 million by the end of 2024 and that the performance of equity, interest rate and credit markets during the relevant period is consistent with management's expectations, which take into account current market information and assume no credit impairments. In arriving at our assessment of the Company's potential exposure to Pillar Two income taxes and our expectation regarding the impact on our effective income tax rate and base earnings, management has relied on its interpretation of the relevant legislation. It has also assumed a starting point of its current mix of business and base earnings growth consistent with management's base earnings objectives disclosed in this MD&A. In all cases, whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the ability to integrate and leverage acquisitions and achieve anticipated benefits and synergies, the achievement of expense synergies and client retention targets from the acquisition of the Prudential retirement business, the Company's ability to execute strategic plans and adapt or recalibrate these plans as needed, the Company's reputation, business competition, assumptions around sales, pricing, fee rates, customer behaviour (including contributions, redemptions, withdrawals and lapse rates), mortality and morbidity experience, expense levels, reinsurance arrangements, global equity and capital markets (including continued access to equity and debt markets and credit instruments on economically feasible terms), geopolitical tensions and related economic impacts, interest and foreign exchange rates, inflation levels, liquidity requirements, investment values and asset breakdowns, hedging activities, financial condition of industry sectors and individual issuers that comprise part of the Company's investment portfolio, credit ratings, taxes, impairments of goodwill and other intangible assets, technological changes, breaches or failure of information systems and security (including cyber attacks), assumptions around third-party suppliers, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, changes in actuarial standards, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, unplanned changes to the Company's facilities, customer and employee relations, levels of administrative and operational efficiencies, and other general economic, political and market factors in North America and internationally.

The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates" sections of this document and in the Company's annual information form dated February 14, 2024 under "Risk Factors", which, along with other filings, is available for review at [www.sedarplus.com](http://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, objectives, goals, priorities, strategies and commitments or actions that will be taken to achieve them. The climate-related statements include statements with respect to achieving 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 minorities in management. The forward-looking information in this update 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 commitments, objectives, goals, ambitions or targets discussed here, 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. While the Company has begun to develop a global transition plan in connection with its net-zero related goals, the Company does not currently have a comprehensive transition plan in place to achieve these goals and the timing for completion of the plan is uncertain. Moreover, the data needed to define the Company's plan to achieve those goals is limited in quality, unavailable or 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 objectives 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 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 not to place undue reliance on forward-looking statements because numerous factors (many of which are beyond the control of the Company) may cause actual results to differ materially from those expressed or implied by forward-looking information 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 objectives, 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 objectives 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 objectives, goals, objectives, priorities, ambitions, strategies and targets, there are limitations and uncertainties inherent in climate science, climate risk analysis and reporting. The Company has made good faith approximations and assumptions in establishing its interim Scope 1 and 2 reduction goals and initial reduction goals for Scope 3 financed emissions. However, there are many factors that are the subject of ongoing climate science and that we cannot foresee or accurately predict which will impact our ability to achieve those goals.

### **Cautionary Note Regarding Non-GAAP Financial Measures and Ratios**

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

## Consolidated Operating Results

### Selected consolidated financial information

(in Canadian \$ millions, except per share amounts)	As at or for the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
Base earnings <sup>1,2</sup>	\$ 1,038	\$ 978	\$ 920	\$ 2,016	\$ 1,746
Net earnings from continuing operations <sup>3</sup>	1,005	1,031	569	2,036	1,183
Net earnings - common shareholders	1,005	960	498	1,965	1,093
Per common share					
Basic:					
Base earnings <sup>2,4</sup>	1.11	1.05	0.99	2.16	1.87
Net earnings from continuing operations	1.08	1.10	0.61	2.18	1.27
Net earnings	1.08	1.03	0.53	2.11	1.17
Dividends paid	0.555	0.555	0.520	1.110	1.040
Book value <sup>3</sup>	25.36	24.74	23.22		
Base return on equity <sup>2,4</sup>	17.2 %	17.0 %	15.9 %		
Return on equity - continuing operations <sup>3</sup>	16.2 %	14.6 %	12.2 %		
Base dividend payout ratio <sup>2,4</sup>	50.0 %	52.9 %	52.6 %		
Dividend payout ratio <sup>3</sup>	51.4 %	54.4 %	97.4 %		
Financial leverage ratio <sup>5</sup>	29 %	30 %	31 %		
Total assets per financial statements	\$ 749,562	\$ 736,722	\$ 690,003		
Total assets under management <sup>1</sup>	961,501	941,373	1,042,373		
Total assets under administration <sup>1</sup>	2,929,042	2,855,164	2,643,378		
Total contractual service margin (net of reinsurance contracts held)	\$ 13,008	\$ 13,047	\$ 13,058		
Total equity	\$ 30,870	\$ 30,239	\$ 28,774		
Canada Life Assurance Company consolidated LICAT Ratio <sup>6</sup>	130 %	129 %	126 %		

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

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

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

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

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

## 2024 Developments

- Under International Pillar Two tax reform, the Organization for Economic Co-Operation and Development (OECD) introduced a 15% Global Minimum Tax (GMT) regime that has been adopted by all countries in which the Company has significant operations, other than the U.S. Canada enacted GMT legislation on June 20, 2024 which applies retroactively to January 1, 2024. Other countries where the Company has significant operations, including Barbados, Germany, Ireland and the U.K. had previously enacted GMT legislation, effective January 1, 2024.

The GMT is complex in nature and applies to Lifeco as part of a larger related group of companies. The Company currently expects GMT in Barbados, Ireland and Isle of Man, jurisdictions where the statutory tax rates are below 15%. In the second quarter of 2024, the Company recognized a GMT current tax expense of \$62 million, primarily related to its operations in Barbados and Ireland. This included \$34 million, for the retroactive application for the first quarter of 2024 as a result of Canada's enactment of legislation in the quarter, primarily in respect of Barbados where the GMT was contingent upon Canada's enactment.

- In the second quarter of 2024, the integration of Prudential's full-service retirement services business into Empower was completed and retention targets have been exceeded. The integration delivered the expected US\$180 million pre-tax run rate cost synergies.
- On July 1, 2024, Canada Life successfully moved Investment Planning Counsel Inc. (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.
- In the United States, on January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton", in exchange for Franklin Templeton common shares, cash, and contingent consideration of up to US\$375 million over a five to seven-year period. In the first quarter of 2024, the Company recorded a net loss of \$115 million reflecting closing costs as well as a \$44 million final gain on sale within discontinued operations. Lifeco retains its controlling interest in PanAgora Asset Management, a leading quantitative asset manager. The Company currently holds approximately 31,600,000 Franklin Templeton shares and will hold a majority of these shares for a minimum five-year period.

In addition to the sale, Lifeco, along with Power Corporation of Canada and Franklin Templeton, has entered into a strategic partnership to distribute Franklin Templeton products. Lifeco will provide an initial long-term asset allocation of US\$25 billion assets under management to Franklin Templeton within 12 months of closing with the potential for that amount to increase over the next several years.

## Base and Net Earnings

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

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

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (loss)<sup>1,2</sup></b>					
Canada	\$ 322	\$ 302	\$ 283	\$ 624	\$ 561
United States	324	286	265	610	483
Europe <sup>2</sup>	206	197	180	403	358
Capital and Risk Solutions <sup>2</sup>	190	195	203	385	360
Lifeco Corporate	(4)	(2)	(11)	(6)	(16)
<b>Lifeco base earnings<sup>1,2</sup></b>	<b>\$ 1,038</b>	<b>\$ 978</b>	<b>\$ 920</b>	<b>\$ 2,016</b>	<b>\$ 1,746</b>
<b>Items excluded from base earnings</b>					
Market experience relative to expectations <sup>3</sup>	\$ 28	\$ 107	\$ (79)	\$ 135	\$ (247)
Realized OCI gains / (losses) from asset rebalancing	—	—	(121)	—	(121)
Assumption changes and management actions <sup>3</sup>	39	(1)	(4)	38	3
Other non-market related impacts <sup>2,4</sup>	(100)	(53)	(147)	(153)	(198)
<b>Items excluded from Lifeco base earnings<sup>2</sup></b>	<b>\$ (33)</b>	<b>\$ 53</b>	<b>\$ (351)</b>	<b>\$ 20</b>	<b>\$ (563)</b>
<b>Net earnings (loss) from continuing operations<sup>3</sup></b>					
Canada	\$ 335	\$ 353	\$ 148	\$ 688	\$ 381
United States	274	233	161	507	331
Europe	201	187	102	388	142
Capital and Risk Solutions	155	260	169	415	353
Lifeco Corporate	40	(2)	(11)	38	(24)
<b>Lifeco net earnings from continuing operations<sup>3</sup></b>	<b>\$ 1,005</b>	<b>\$ 1,031</b>	<b>\$ 569</b>	<b>\$ 2,036</b>	<b>\$ 1,183</b>
Net earnings (loss) from discontinued operations	—	(115)	(71)	(115)	(90)
Net gain from disposal of discontinued operations	—	44	—	44	—
<b>Lifeco net earnings - common shareholders</b>	<b>\$ 1,005</b>	<b>\$ 960</b>	<b>\$ 498</b>	<b>\$ 1,965</b>	<b>\$ 1,093</b>

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

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

<sup>4</sup> Included in other non-market related impacts are business transformation impacts (including restructuring and integration costs as well as acquisition and divestiture costs), amortization of acquisition-related intangible assets and tax legislative changes impact.

## Base Earnings

Base earnings for the second quarter of 2024 of \$1,038 million (\$1.11 per common share) increased by \$118 million or 13% from \$920 million (\$0.99 per common share) a year ago reflecting pre-tax growth from all segments, the successful integration of recent acquisitions in the U.S. and Canada segments and broadly positive insurance experience. The impact of GMT implementation is reflected in results for the Capital and Risk Solutions and Europe segments.

Base earnings growth for the second quarter of 2024 was driven by improved net fee and spread income driven by equity market growth as well as the addition of IPC and Value Partners, strong Workplace Solutions earnings driven by group health experience and organic growth in the Canada segment, growth in the structured reinsurance business in the Capital and Risk Solutions segment and higher earnings on surplus. These items were partially offset by unfavourable experience in the U.S. life reinsurance business and the impact of the GMT implementation.

For the six months ended June 30, 2024, Lifeco's base earnings were \$2,016 million (\$2.16 per common share) compared to \$1,746 million (\$1.87 per common share) a year ago. The increase was primarily due to dividend income on Franklin

Templeton shares acquired through the Putnam divestiture in the U.S. segment as well as the same reasons discussed for the in-quarter results.

Base earnings for the six months ended June 30, 2024 include the negative impact of \$66 million, primarily related to the enactment of the GMT legislation in Canada on June 20, 2024 which is retroactive to January 1, 2024. This negative impact includes a \$34 million retroactive impact for the first quarter of 2024 as a result of Canada's enactment of legislation in the quarter. Earnings for the first quarter of 2024 have been presented on a "pro forma" basis as if the legislation had been enacted in the first quarter of 2024, reflecting the impact to base earnings in the Europe segment of \$7 million and Capital and Risk Solutions segment of \$27 million. Refer to the "Taxes" section of this document for further details.

## Net Earnings

Lifeco's net earnings from continuing operations for the three month period ended June 30, 2024 of \$1,005 million (\$1.08 per common share) increased by \$436 million or 77% compared to \$569 million (\$0.61 per common share) a year ago. The increase was primarily due to an increase in base earnings, favourable risk-free interest rates and credit spread in-period movements in the Canada segment, and the impact of the finalization of a prior year reinsurance recapture transaction in the Lifeco Corporate segment. Additionally, the prior period results included realized other comprehensive income (OCI) losses related to asset rebalancing in the surplus account as well as a loss from sale of Canada Life U.K.'s onshore individual protection business in the Europe segment and a provision related to Empower's sale of substantially all of its individual life and annuity business in 2019. These items were partially offset by less favourable interest rate movements in Europe and the implementation of GMT. The results from discontinued operations for the second quarter of 2024 were nil compared to a net loss of \$71 million a year ago.

For the six months ended June 30, 2024, Lifeco's net earnings from continuing operations were \$2,036 million (\$2.18 per common share) compared to \$1,183 million (\$1.27 per common share) a year ago. The increase was primarily due to the same reasons discussed for the in-quarter results. The results from discontinued operations for the six months ended June 30 included a net loss of \$115 million as well as a \$44 million final gain on sale compared to a net loss of \$90 million a year ago.

Lifeco's net earnings from continuing operations for the three month period ended June 30, 2024 of \$1,005 million (\$1.08 per common share) decreased by \$26 million or 3% compared to \$1,031 million (\$1.10 per common share) in the previous quarter. The decrease was primarily due to less favourable market experience relative to expectations in the Capital and Risk Solutions and Canada segments and the implementation of GMT. These items were partially offset by higher base earnings in the U.S., Canada and Europe segments as well as the impact of the finalization of a prior year reinsurance recapture transaction in the Lifeco Corporate segment. The results from discontinued operations for the second quarter of 2024 as discussed for the year-over-year results were nil compared to a net loss of \$115 million as well as a \$44 million final gain on sale in the previous quarter.

## Items Excluded from Base Earnings

### Market Experience Relative to Expectations

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
Public equity market impacts	\$ 1	\$ 26	\$ (2)	\$ 27	\$ 2
Real estate and other non-fixed income asset impacts	(26)	(59)	(69)	(85)	(180)
Interest rate and other impacts	53	140	(8)	193	(69)
<b>Total market experience relative to expectations</b>	<b>\$ 28</b>	<b>\$ 107</b>	<b>\$ (79)</b>	<b>\$ 135</b>	<b>\$ (247)</b>

Market experience relative to expectations, which are reflected in the net investment result of the Company's consolidated statement of earnings, positively impacted net earnings by \$28 million in the second quarter of 2024 which compares favourably to negative impact of \$79 million in the second quarter of 2023.

In-quarter impacts reflect interest rate movements including spread movements, lower returns than expected on real estate assets, partially offset by higher returns on other non-fixed income assets. The positive interest rate and other impacts result primarily arose from liabilities decreasing by more than their supporting assets in the Canada and Europe segments, driven by risk-free rate increases. The lower returns than expected on real estate and other non-fixed income assets arose on real estate assets in the U.K. and Canada, partially offset by higher returns than expected on other non-fixed income assets in Canada.

For the six months ended June 30, 2024, market experience relative to expectations positively impacted net earnings by \$135 million which compares favourably to negative impact of \$247 million for the same period in 2023. The 2024 year-to-date positive impact was primarily due to risk-free rate increases, partially offset by lower returns than expected on real estate assets.

In order to mitigate the Company's exposure to interest rate fluctuations, the Company follows disciplined processes for matching asset and liability cash flows. As a result, the impact of changing interest rates is mostly mitigated in the current

period, with the impact of changes in fair values of bonds backing insurance contract liabilities mostly offset by a corresponding change in the insurance contract liabilities. However, differences in the interest rate sensitivity in the value of assets and the value of insurance and investment contract liabilities leads to a sensitivity to interest rate movements in net earnings under IFRS 17 and IFRS 9, due to the Company's asset liability management strategies and accounting policy choices. These choices include consideration of the impact on regulatory capital, which can result in increased net earnings sensitivity, but decreased capital sensitivity. For example, the Company's asset liability management strategy uses public equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in the net earnings; and the classification of financial assets under IFRS 9 which are valued at amortized cost and held in the general fund assets supporting liabilities (for example, mortgage assets in the U.K.), also contributes to interest rate exposure in net earnings. Furthermore, sensitivities to interest rate movements vary depending upon the geography where the changes occur and the level of change in interest rates by term.

For a further description of the Company's sensitivity to equity market and interest rate fluctuations, including sensitivity disclosures as a result of current market conditions, refer to "Risk Management", note 6 to the Company's condensed consolidated interim unaudited financial statements for the period ended June 30, 2024.

### **Assumption Changes and Management Actions**

Under IFRS 17, assumption changes on insurance risks and certain management actions directly impact CSM, for contracts which have CSM. The impact of assumption changes and certain management actions on CSM are measured at locked-in rates, for contracts measured under the General Measurement Model.

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

For the three months ended June 30, 2024, assumption changes and management actions resulted in a positive net earnings impact of \$39 million and a decrease in CSM of \$8 million on non-participating business. These impacts arise from management actions relating to the finalization of a prior year reinsurance recapture transaction, as well as minor assumption changes and model refinements. This compares to a negative net earnings impact of \$4 million and a decrease in CSM of \$17 million for the same quarter last year, and a negative net earnings impact of \$1 million and a decrease in CSM of \$10 million for the previous quarter.

In the Canada segment, net earnings were positively impacted by \$1 million and the CSM was negatively impacted by \$2 million. In the Europe segment, net earnings were negatively impacted by \$2 million and CSM was negatively impacted by \$6 million. In the Corporate segment, net earnings were positively impacted by \$40 million.

For the six months ended June 30, 2024, assumption changes and management actions resulted in a positive net earnings impact of \$38 million and a decrease in CSM of \$18 million on non-participating business. This is compared to a positive net earnings impact of \$3 million and a decrease in CSM of \$22 million on non-participating business for the same period in 2023.

### **Other Items Excluded from Base Earnings**

For the second quarter of 2024, other items excluded from base earnings were negative \$100 million compared to negative \$147 million a year ago. Business transformation costs were \$29 million, a decrease of \$82 million compared to the same period in the prior year. The decrease was primarily due to a provision related to Empower's sale of substantially all of its individual life and annuity business in 2019 and a loss from the sale of Canada Life U.K.'s onshore individual protection business in the prior year that did not repeat, partially offset by higher integration and restructuring costs related to the completion of the Prudential acquisition in the U.S. segment.

For the six months ended June 30, 2024, other items excluded from base earnings were negative \$153 million compared to negative \$198 million a year ago. Business transformation costs were \$78 million, a decrease of \$52 million compared to the same period in the prior year. The decrease was primarily due to the same reasons discussed for the in-quarter results. The results from discontinued operations included a net loss of \$115 million reflecting Putnam transaction related closing costs as well as a \$44 million final gain on sale in the first quarter of 2024 compared to a net loss of \$90 million a year ago.

GMT legislation in Canada was enacted on June 20, 2024 and applies retroactively to January 1, 2024, which resulted in a negative \$34 million retroactive charge for the first quarter of 2024. Base earnings and items excluded from base earnings (tax legislative changes impact) for the first quarter of 2024 are presented on a "pro forma" basis to reflect the impacts in the Europe segment of \$7 million and the Capital and Risk Solutions segment of \$27 million retroactively. Refer to the "Taxes" and "Non-GAAP Financial Measures and Ratios" sections of this document for further details.

### **Foreign Currency**

The average currency translation rate for the second quarter of 2024 increased for the euro, the U.S dollar and the British pound, compared to the second quarter of 2023. For the three months ended June 30, 2024, the overall impact of currency movement on the Company's base earnings was an increase of \$16 million (increase of \$22 million year-to-date) compared to

translation rates a year ago. The overall impact of currency movement on the Company's net earnings was an increase of \$15 million (increase of 22 million year-to-date) compared to translation rates a year ago.

From March 31, 2024 to June 30, 2024, the market rates at the end of the reporting period used to translate the euro, the U.S. dollar and the British pound assets and liabilities to the Canadian dollar increased. 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 \$240 million in-quarter, recorded in other comprehensive income.

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

## Taxes

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

Effective Income Tax Rates	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024 <sup>2,3</sup>	June 30 2023	June 30 2024 <sup>2</sup>	June 30 2023
Base earnings - common shareholders <sup>1,2</sup>	19.3 %	17.9 %	15.6 %	18.6 %	13.4 %
Net earnings - common shareholders <sup>3</sup>	19.4 %	15.1 %	12.0 %	17.3 %	9.2 %
Net earnings - total Lifeco	17.4 %	13.4 %	8.2 %	15.5 %	6.4 %

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative effective tax rates on base earnings are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024.

<sup>3</sup> The Company recorded a current tax expense of \$62 million during the second quarter of 2024, of which \$34 million was retroactive to the first quarter of 2024. The Company's effective tax rate for the first quarter of 2024 would have been 17.8% had the Global Minimum Tax been enacted in the first quarter of 2024.

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 in certain foreign jurisdictions.

Under International Pillar Two tax reform, the Organization for Economic Co-Operation and Development (OECD) introduced a 15% Global Minimum Tax (GMT) regime that has been adopted by all countries in which the Company has significant operations, other than the U.S. Canada enacted GMT legislation on June 20, 2024 which applies retroactively to January 1, 2024. Other countries where the Company has significant operations, including Barbados, Germany, Ireland and the U.K. had previously enacted GMT legislation, effective January 1, 2024.

The GMT is complex in nature and applies to Lifeco as part of a larger related group of companies. The Company currently expects GMT in Barbados, Ireland and Isle of Man, jurisdictions where the statutory tax rates are below 15%. In the second quarter of 2024, the Company recognized a GMT current tax expense of \$62 million, primarily related to its operations in Barbados and Ireland. This included \$34 million, for the retroactive application for the first quarter of 2024 as a result of Canada's enactment of legislation in the quarter, primarily in respect of Barbados where the GMT was contingent upon Canada's enactment.

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

Impact of GMT on Effective Income Tax Rates	For the three months ended June 30, 2024	For the six months ended June 30, 2024
Base earnings - common shareholders <sup>1</sup>	2.1 %	2.6 %
Net earnings - common shareholders	4.8 %	2.6 %
Net earnings - total Lifeco	4.7 %	2.6 %

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

In the second quarter of 2024, the Company's effective income tax rates increased from the second quarter of 2023, primarily due to the GMT as well as the jurisdictional mix of earnings.

For the six months ended June 30, 2024, the Company's effective income tax rates were up from the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Refer to note 14 of the Company's condensed consolidated interim unaudited financial statements for the period ended June 30, 2024 for further details.

## Lifeco Value Drivers

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

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

## Lifeco Base Earnings by Value Driver

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (loss)<sup>1,2</sup></b>					
Workplace Solutions	\$ 512	\$ 453	\$ 454	\$ 965	\$ 899
Wealth & Asset Management	157	143	119	300	238
Insurance & Risk Solutions	335	352	377	687	669
Corporate	34	30	(30)	64	(60)
<b>Lifeco base earnings<sup>1,2</sup></b>	<b>\$ 1,038</b>	<b>\$ 978</b>	<b>\$ 920</b>	<b>\$ 2,016</b>	<b>\$ 1,746</b>
<b>Lifeco net earnings from continuing operations<sup>3</sup></b>	<b>\$ 1,005</b>	<b>\$ 1,031</b>	<b>\$ 569</b>	<b>\$ 2,036</b>	<b>\$ 1,183</b>

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

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

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

## Workplace Solutions

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

## Selected Financial Results

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
Base earnings (loss) <sup>1,2</sup>	\$ 512	\$ 453	\$ 454	\$ 965	\$ 899
Retirement net cash flows <sup>3</sup>	(4,936)	(8,814)	4,388	(13,750)	14,297
Fee and other income	1,226	1,125	1,067	2,351	2,086
Group life and health book premiums <sup>3</sup>	17,395	17,444	15,067		

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

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

## Base earnings

Workplace Solutions base earnings for the second quarter of 2024 of \$512 million increased by \$58 million or 13% compared to the same quarter last year. The increase was primarily due to favourable long-term disability and health experience and organic business growth in the Canada segment, increased fee income in Empower Defined Contribution and favourable group experience in the U.K., partially offset by unfavourable health claims experience in Ireland.

For the six months ended June 30, 2024, Workplace Solutions base earnings of \$965 million increased by \$66 million or 7% compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results as well as growth in the group and annuity protection business in the U.K.

### Net cash flows

Net cash outflows for the second quarter of 2024 were \$4.9 billion compared to net cash inflows of \$4.4 billion for the same quarter last year, primarily due to higher participant net redemptions in Empower Defined Contribution in the current year. Average account balances of participants have increased due to market growth over the past year, resulting in increased distributions, which have outpaced contributions. Net cash outflows for the second quarter of 2024 were also driven by one acquired Prudential large client loss which was in line with expectations. Overall, acquired Prudential retention targets have been exceeded.

For the six months ended June 30, 2024, net cash outflows were \$13.8 billion compared to net cash inflows of \$14.3 billion for the same period last year, primarily due to the same reason discussed for the in-quarter result, as well as a large plan redemption that was partially offset by another large plan addition in Empower Defined Contribution. Large plan sales can be highly variable from period to period and tend to be lower margin; but nevertheless contribute to covering fixed overhead costs.

### Fee and other income

Fee and other income for the second quarter of 2024 of \$1,226 million increased by \$159 million compared to the same quarter last year, primarily due to the impact of higher equity market levels in Empower Defined Contribution and adjustments related to the Prudential acquisition in the U.S. segment and growth in administrative services only (ASO) fees in the Canada segment.

For the six months ended June 30, 2024, fee and other income of \$2,351 million increased by \$265 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

### Group life and health book premiums

Group life and health book premiums at June 30, 2024 were \$17,395 million, a decrease of \$49 million compared to March 31, 2024, primarily due to the termination of one large plan in the Canada segment, partially offset by organic growth of in-force business in the Canada and Europe segments.

### Wealth & Asset Management

In partnership with over 106,000 advisor relationships globally at the start of 2024, the Company is delivering targeted and sophisticated solutions supported by personalized advice to meet customers' most complex personal wealth needs. The approach is enabled through investments in technology platforms and in market leading managed solutions to help advisors continue to meet the evolving needs of customers.

### Selected Financial Results

	As at or for the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
Base earnings (loss) <sup>1,2</sup>	\$ 157	\$ 143	\$ 119	\$ 300	\$ 238
Wealth net cash flows <sup>3,4</sup>	3,784	219	1,882	4,003	8,139
Fee and other income	550	528	384	1,078	756
CSM, segregated fund products <sup>5</sup>	3,348	3,424	3,302		

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

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

<sup>4</sup> Comparative results are restated for the re-mapping of certain business units to value drivers in the Europe segment following internal reviews for the period ended June 30, 2023.

<sup>5</sup> The U.S. segment does not have a material CSM balance and has been excluded.

### Base earnings

Wealth & Asset Management base earnings for the second quarter of 2024 of \$157 million increased by \$38 million or 32% compared to the same quarter last year. The increase was primarily due to higher net fee and spread income in the Canada and Europe segments driven by higher average equity markets as well as the addition of IPC and Value Partners in the Canada segment.

For the six months ended June 30, 2024, Wealth & Asset Management base earnings of \$300 million increased by \$62 million or 26% compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter

results as well as higher net fee and spread income in Empower Personal Wealth, partially offset by a favourable tax item from 2023 that did not repeat in the Canada segment.

### Net cash flows

Net cash inflows for the second quarter of 2024 were \$3,784 million compared to net inflows of \$1,882 million for the same quarter last year, primarily due to higher wealth fund management sales in Ireland driven by a large client sale as well as the additions of IPC and Value Partners and higher individual wealth sales in the Canada segment. These items were partially offset by lower inflows in Empower Personal Wealth.

For the six months ended June 30, 2024, net cash inflows were \$4,003 million compared to net cash inflows of \$8,139 million for the same period last year, primarily due to lower inflows in Empower Personal Wealth. These items were partially offset by higher wealth fund management sales in Ireland driven by a large client sale as well as the additions of IPC and Value Partners and higher individual wealth sales in the Canada segment.

### Fee and other income

Fee and other income for the second quarter of 2024 of \$550 million increased by \$166 million compared to the same quarter last year, primarily due to the additions of IPC and Value Partners in the Canada segment, higher assets under administration due to higher equity market levels and overall growth in the U.S. segment and higher management fees from higher average assets under administration in the Europe segment.

For the six months ended June 30, 2024, fee and other income of \$1,078 million increased by \$322 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

### CSM, segregated fund products

CSM for segregated fund products at June 30, 2024 of \$3,348 million decreased by \$76 million compared to March 31, 2024, primarily due to unfavourable market impacts in the Europe segment and segregated fund net outflows in the Canada segment.

### Insurance & Risk Solutions

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

### Selected Financial Results

	As at or for the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
Base earnings (loss) <sup>1,2</sup>	\$ 335	\$ 352	\$ 377	\$ 687	\$ 669
New business non-participating CSM, excluding segregated fund products <sup>3</sup>	82	127	85	209	144
Non-participating CSM, excluding segregated fund products <sup>3</sup>	6,163	6,209	5,896		

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

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

### Base earnings

Insurance & Risk Solutions base earnings for the second quarter of 2024 of \$335 million decreased by \$42 million or 11% compared to the same quarter last year. The decrease was primarily due to unfavourable experience in the U.S. life business and the impact of GMT in the Capital and Risk Solutions and Europe segments, partially offset by growth in the structured business in the Capital and Risk Solutions segment and improved mortality experience in the Canada segment.

For the six months ended June 30, 2024, Insurance & Risk Solutions base earnings of \$687 million increased by \$18 million or 3% compared to the same period last year. The increase was primarily due to growth in the structured business in the Capital and Risk Solutions segment, partially offset by the impact of GMT in the Capital and Risk Solutions and Europe segments.

### New business non-participating CSM, excluding segregated fund products

Insurance & Risk Solutions new business non-participating CSM, excluding segregated fund products, for the second quarter of 2024 of \$82 million was comparable to the same quarter last year.

For the six months ended June 30, 2024, Insurance & Risk Solutions new business non-participating CSM, excluding segregated fund products, of \$209 million increased by \$65 million compared to the same period last year, primarily due to higher new business growth in bulk and individual annuities in the U.K. in the Europe segment.

#### **Non-participating CSM, excluding segregated fund products**

Non-participating CSM, excluding segregated fund products, at June 30, 2024 of \$6,163 million decreased by \$46 million compared to March 31, 2024, primarily due to insurance experience losses across all segments, partially offset by strong contributions of CSM from new business in the Europe segment.

### **Segmented Operating Results**

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

#### **Translation of Foreign Currency**

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

#### **Canada**

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

#### **2024 Developments**

- On July 1, 2024, Canada Life successfully moved Investment Planning Counsel Inc. (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.
- To help clients maximize their short-term savings potential, Canada Life expanded its segregated fund lineup to offer a new high interest savings fund. Canada Life is committed to offering a broad range of solutions to help advisors manage their clients' investment goals through changing market environments. This offering allows clients to earn an attractive return, while preserving capital and maintaining flexibility.
- Canada Life is piloting the Rx Food app with selected plan sponsors for use by their members at no charge. The number of people with chronic diseases continues to rise in Canada. To help sponsors and their members deal with the impact, Canada Life is increasing its focus on providing more holistic chronic disease solutions by providing a 12-week medical nutrition program using technology to make nutrition easier, more personal and accessible.
- Canada Life has administered dental benefits for employees of the federal public service since 1987. As previously announced, Canada Life was also selected to administer the dental plan for retired public servants. The Government of Canada agreed to harmonize the implementation dates of these two plans to November 1, 2024 to improve the experience for all plan members.

**Selected Financial Information - Canada**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (loss)<sup>1</sup></b>					
Workplace Solutions	\$ 190	\$ 190	\$ 164	\$ 380	\$ 323
Individual Wealth Management	59	52	46	111	107
Insurance & Annuities	58	58	63	116	106
Corporate	15	2	10	17	25
<b>Base earnings (loss)<sup>1</sup></b>	<b>\$ 322</b>	<b>\$ 302</b>	<b>\$ 283</b>	<b>\$ 624</b>	<b>\$ 561</b>
Items excluded from base earnings	13	51	(135)	64	(180)
<b>Net earnings - common shareholders</b>	<b>\$ 335</b>	<b>\$ 353</b>	<b>\$ 148</b>	<b>\$ 688</b>	<b>\$ 381</b>
<b>Sales<sup>2</sup></b>					
Group Life & Health	\$ 124	\$ 159	\$ 108	\$ 283	\$ 288
Group Retirement	787	761	633	1,548	1,391
Workplace Solutions	911	920	741	1,831	1,679
Individual Wealth Management	4,577	4,465	2,174	9,042	4,832
Insurance & Annuities	161	155	154	316	310
<b>Net cash flows<sup>2</sup></b>					
Group Retirement	\$ 64	\$ 253	\$ 157	\$ 317	\$ 575
Individual Wealth Management	(402)	(276)	(524)	(678)	(961)
<b>Net cash flows<sup>2</sup></b>	<b>\$ (338)</b>	<b>\$ (23)</b>	<b>\$ (367)</b>	<b>\$ (361)</b>	<b>\$ (386)</b>
<b>Fee and other income</b>					
Workplace Solutions	\$ 264	\$ 263	\$ 240	\$ 527	\$ 468
Individual Wealth Management	202	190	92	392	182
Individual Insurance	1	—	—	1	—
Corporate	7	7	9	14	16
<b>Fee and other income</b>	<b>\$ 474</b>	<b>\$ 460</b>	<b>\$ 341</b>	<b>\$ 934</b>	<b>\$ 666</b>
<b>Group life and health book premiums<sup>2</sup></b>	<b>\$ 14,896</b>	<b>\$ 14,985</b>	<b>\$ 12,761</b>		
<b>Total assets</b>	<b>\$ 212,101</b>	<b>\$ 210,404</b>	<b>\$ 196,673</b>		
Other assets under management <sup>2,3</sup>	13,293	13,424	3,971		
<b>Total assets under management<sup>1</sup></b>	<b>225,394</b>	<b>223,828</b>	<b>200,644</b>		
Other assets under administration <sup>2</sup>	60,100	59,294	27,362		
<b>Total assets under administration<sup>1</sup></b>	<b>\$ 285,494</b>	<b>\$ 283,122</b>	<b>\$ 228,006</b>		
<b>Contractual service margin</b>					
Insurance & Annuities - Non-Participating	\$ 1,124	\$ 1,166	\$ 1,213		
Individual Wealth Management - Segregated Funds	1,895	1,936	1,912		
Insurance & Annuities - Participating	3,232	3,145	3,241		
<b>Contractual service margin</b>	<b>\$ 6,251</b>	<b>\$ 6,247</b>	<b>\$ 6,366</b>		

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

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

<sup>3</sup> At June 30, 2024, Canada Life had \$7.1 billion of proprietary mutual fund assets held by retail clients (\$7.1 billion at December 31, 2023). \$3.6 billion (\$3.3 billion as at December 31, 2023) of these assets are consolidated as investments on account of segregated fund policyholders on the Company's balance sheet.

**Base and net earnings**

In the second quarter of 2024, the Canada segment's base earnings of \$322 million increased by \$39 million or 14% compared to the same quarter last year, reflecting strong long-term disability and health experience driven by management actions in Workplace Solutions, organic growth in Workplace Solutions, higher net fee and spread income partially driven by the addition of IPC and Value Partners and higher equity markets, improved mortality experience in Insurance and Annuities, and favourable tax impacts. These items were partially offset by higher than normal commodity taxes in the second quarter of 2024.

In the second quarter of 2024, net earnings of \$335 million increased by \$187 million compared to the same quarter last year. Items excluded from base earnings were positive \$13 million compared to negative \$135 million for the same quarter last year. Market experience relative to expectations was positive \$25 million in the second quarter of 2024 compared to negative \$129 million in the same quarter last year, primarily due to favourable impacts of risk-free interest rate and credit spread movements in the current quarter compared to unfavourable impacts in the prior year, and less unfavourable non-fixed income experience.

For the six months ended June 30, 2024, base earnings of \$624 million increased by \$63 million or 11% compared to the same period last year, primarily due to favourable long-term disability and health experience driven by management action in Workplace Solutions, organic growth in Workplace Solutions, higher net fee and spread income partially driven by the addition of IPC and Value Partners and higher equity markets, and improved mortality experience in Insurance & Annuities. These items were partially offset by a favourable tax item from 2023 in Individual Wealth Management which did not repeat, and lower earnings on surplus.

For the six months ended June 30, 2024, net earnings of \$688 million increased by \$307 million compared to the same period last year. Items excluded from base earnings were positive \$64 million compared to negative \$180 million for the same period last year, primarily due to the same reasons discussed for the in-quarter results.

For the second quarter of 2024, net earnings attributable to the participating account was \$51 million compared to net earnings of \$23 million for the same quarter last year, primarily due to favourable tax impacts.

For the six months ended June 30, 2024, the net earnings attributable to the participating account was \$77 million compared to net earnings of \$1 million for the same period last year, primarily due to the same reason discussed for the in-quarter result.

### **Sales**

Group life and health sales for the second quarter of 2024 of \$124 million increased by \$16 million compared to the same quarter last year, primarily due to higher small and national sales. Group retirement sales for the second quarter of 2024 of \$787 million increased by \$154 million compared to the same quarter last year, primarily due to higher asset retention sales. Individual wealth management sales for the second quarter of 2024 of \$4,577 million increased by \$2,403 million compared to the same quarter last year, primarily due to strong segregated fund and mutual fund (both proprietary and third party) sales, as well as the addition of IPC and Value Partners. Insurance and annuities sales for the second quarter of 2024 of \$161 million increased by \$7 million compared to the same quarter last year, primarily due to strong participating life product sales.

For the six months ended June 30, 2024, group life and health sales of \$283 million were comparable to the same period last year. Group retirement sales for the six months ended June 30, 2024 of \$1,548 million increased by \$157 million, primarily due to the same reason discussed for the in-quarter results. Individual wealth management sales for the six months ended June 30, 2024 of \$9,042 million increased by \$4,210 million, due to the same reason discussed for the in-quarter results. Insurance and annuities sales for the six months ended June 30, 2024 of \$316 million increased by \$6 million, due to the same reasons discussed for the in-quarter results.

### **Group life and health book premiums**

Group life and health book premiums at June 30, 2024 were \$14,896 million, a decrease of \$89 million compared to March 31, 2024, primarily due to the termination of one sizable plan, partially offset by organic growth of in-force business.

### **Net cash flows**

In the second quarter of 2024, net cash outflows were \$338 million compared to net cash outflows of \$367 million for the same quarter last year, primarily due to the additions of IPC and Value Partners and higher individual wealth sales.

For the six months ended June 30, 2024, net cash outflows were \$361 million compared to net cash outflows of \$386 million for the same period last year, primarily due to the same reasons discussed for the in-quarter results.

### **Fee and other income**

Fee and other income for the second quarter of 2024 of \$474 million increased by \$133 million compared to the same quarter last year, primarily due to growth in administrative services only (ASO) fees and the acquisitions of IPC and Value Partners.

For the six months ended June 30, 2024, fee and other income of \$934 million increased by \$268 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 June 30, 2024 of \$6,251 million, was comparable to March 31, 2024. Favourable market movements on participating CSM were offset by unfavourable experience in the non-participating account and segregated funds.

## United States

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

### 2024 Developments

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

Overall, acquired Prudential retention targets have been exceeded.

Empower has incurred one-time integration and restructuring expenses materially in line with original expectations, with US\$19 million pre-tax incurred in the second quarter of 2024.

<i>(in US\$ millions)</i>	For the three months ended		For the six months ended	Total expensed to date
	June 30 2024	March 31 2024	June 30 2024	June 30 2024
Restructuring and integration (pre-tax)	\$ 19	\$ 31	\$ 50	\$ 183
Restructuring and integration (post-tax)	14	23	37	136

- In the United States, on January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton", in exchange for Franklin Templeton common shares, cash, and contingent consideration of up to US\$375 million over a five to seven-year period. In the first quarter of 2024, the Company recorded a net loss of \$115 million reflecting closing costs as well as a \$44 million final gain on sale within discontinued operations. Lifeco retains its controlling interest in PanAgora Asset Management, a leading quantitative asset manager. The Company currently holds approximately 31,600,000 Franklin Templeton shares and will hold a majority of these shares for a minimum five-year period.

In addition to the sale, Lifeco, along with Power Corporation of Canada and Franklin Templeton, has entered into a strategic partnership to distribute Franklin Templeton products. Lifeco will provide an initial long-term asset allocation of US\$25 billion assets under management to Franklin Templeton within 12 months of closing with the potential for that amount to increase over the next several years.

**Selected Financial Information - United States**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (loss) (US\$)<sup>1</sup></b>					
Empower Defined Contribution	\$ 185	\$ 162	\$ 175	\$ 347	\$ 341
Empower Personal Wealth	39	38	37	77	57
Asset Management	1	(3)	(1)	(2)	(5)
Corporate	11	14	(13)	25	(32)
<b>Base earnings (loss) (US\$)</b>	<b>\$ 236</b>	<b>\$ 211</b>	<b>\$ 198</b>	<b>\$ 447</b>	<b>\$ 361</b>
Items excluded from base earnings (US\$)	(36)	(39)	(78)	(75)	(113)
<b>Net earnings from continuing operations (US\$)<sup>2</sup></b>	<b>\$ 200</b>	<b>\$ 172</b>	<b>\$ 120</b>	<b>\$ 372</b>	<b>\$ 248</b>
<b>Base earnings (loss) (C\$)<sup>1</sup></b>	<b>\$ 324</b>	<b>\$ 286</b>	<b>\$ 265</b>	<b>\$ 610</b>	<b>\$ 483</b>
<b>Net earnings from continuing operations (C\$)<sup>2</sup></b>	<b>\$ 274</b>	<b>\$ 233</b>	<b>\$ 161</b>	<b>\$ 507</b>	<b>\$ 331</b>
<b>Net flows (US\$)<sup>2</sup></b>					
Empower Defined Contribution	\$ (3,757)	\$ (7,019)	\$ 2,762	\$ (10,776)	\$ 9,676
Empower Personal Wealth	1,614	1,286	1,842	2,900	4,985
Asset Management	(643)	(1,800)	(707)	(2,443)	(1,296)
<b>Net flows (US\$)<sup>2</sup></b>	<b>\$ (2,786)</b>	<b>\$ (7,533)</b>	<b>\$ 3,897</b>	<b>\$ (10,319)</b>	<b>\$ 13,365</b>
<b>Net flows (C\$)<sup>2</sup></b>	<b>\$ (3,817)</b>	<b>\$ (10,170)</b>	<b>\$ 5,222</b>	<b>\$ (13,987)</b>	<b>\$ 18,004</b>
<b>Fee and other income (US\$)</b>					
Empower Defined Contribution	\$ 659	\$ 600	\$ 570	\$ 1,259	\$ 1,118
Empower Personal Wealth	120	118	97	238	185
Asset Management	23	21	21	44	42
Corporate	1	2	—	3	—
<b>Fee and other income (US\$)</b>	<b>\$ 803</b>	<b>\$ 741</b>	<b>\$ 688</b>	<b>\$ 1,544</b>	<b>\$ 1,345</b>
<b>Fee and other income (C\$)</b>	<b>\$ 1,099</b>	<b>\$ 1,001</b>	<b>\$ 921</b>	<b>\$ 2,100</b>	<b>\$ 1,808</b>
<b>Total assets (US\$)</b>	<b>\$ 233,467</b>	<b>\$ 232,384</b>	<b>\$ 227,492</b>		
Continuing operations - other assets under management <sup>2</sup>	94,081	91,741	103,604		
Discontinued operations - other assets under management <sup>2</sup>	—	—	116,223		
<b>Total assets under management<sup>1</sup></b>	<b>327,548</b>	<b>324,125</b>	<b>447,319</b>		
Other assets under administration <sup>2</sup>	1,382,648	1,364,241	1,183,399		
<b>Total assets under administration (US\$)<sup>1</sup></b>	<b>\$ 1,710,196</b>	<b>\$ 1,688,366</b>	<b>\$ 1,630,718</b>		
<b>Total assets under administration (C\$)<sup>1</sup></b>	<b>\$ 2,342,969</b>	<b>\$ 2,279,294</b>	<b>\$ 2,152,548</b>		

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

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

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

**Base earnings and net earnings from continuing operations**

In the second quarter of 2024, net earnings from continuing operations increased by US\$80 million to US\$200 million compared to the same quarter last year. Base earnings of US\$236 million increased by US\$38 million compared to the same quarter last year, primarily due to increased fee income driven by higher equity markets, a US\$22 million (\$30 million) fee income adjustment related to the acquired Prudential business, US\$9 million (\$12 million) of dividends on Franklin Templeton shares and growth in the business. These items were partially offset by US\$29 million (\$40 million) of credit related impacts on commercial mortgage loans in the current year and higher paid crediting rates resulting in lower spread income.

Items excluded from base earnings were negative US\$36 million compared to negative US\$78 million for the same quarter last year, primarily due to the non-recurrence of a 2023 provision related to Empower's sale of substantially all of its individual life and annuity business in 2019.

For the six months ended June 30, 2024, net earnings from continuing operations increased by US\$124 million to US\$372 million compared to the same period last year. Base earnings of US\$447 million increased by US\$86 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results as well as higher earnings on surplus assets.

For the six months ended June 30, 2024, items excluded from base earnings were negative US\$75 million compared to negative US\$113 million for the same period last year. The decrease in expense was primarily due to the same reasons discussed for the in-quarter results.

### **Net flows**

In the second quarter of 2024, net outflows were US\$2.8 billion compared to net inflows of US\$3.9 billion for the same quarter last year, primarily due to participant net redemptions in the current year as well as one acquired Prudential large client loss which was in line with expectations. Average account balances of participants have increased due to market growth over the past year, resulting in increased distributions, which have outpaced contributions. The number of participants at the end of the second quarter of 2024 has increased from the end of the second quarter of 2023.

For the six months ended June 30, 2024, net outflows were US\$10.3 billion compared to net inflows of US\$13.4 billion for the same period last year, primarily due to a large plan termination in the first quarter of 2024 as well as the same reasons discussed for the in-quarter results. This was partially offset by large plan sales in 2024. Large plan sales and terminations can be highly variable from period to period and tend to result in lower margins but nonetheless contribute to covering fixed overhead costs.

Overall, acquired Prudential retention targets have been exceeded.

### **Fee and other income**

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

Fee and other income for the second quarter of 2024 of US\$803 million increased by US\$115 million compared to the same quarter last year. The increase was primarily driven by higher equity market levels and adjustments related to Prudential fee income, as well as overall growth in the business.

For the six months ended June 30, 2024, fee and other income of US\$1,544 million increased by US\$199 million compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results.

### **Europe**

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

### **2024 Developments**

- In the second quarter of 2024, Canada Life Home Finance was awarded the prestigious Scottish Mortgage Award for Later Life Lender of the Year. This award demonstrates the Company's position as a key player in the U.K. later life lending market.
- 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.
- During the second quarter of 2024, Irish Life won the 2024 Gold Award in the 'Product and Service Innovation' category at the Global Qorus Innovation in Insurance awards. The CARA (Claims AI Reasoning Assistant) initiative has developed an advanced AI system designed to assist Irish Life's claims assessors in efficiently evaluating claims and has reduced assessment time by 70% for targeted claim types with additional benefits from other claim types being explored. This initiative will allow Irish Life to provide greater benefits to its diverse customer base.
- Irish Life's EMPOWER MasterTrust won the Pension Innovation Award at the European Pension Awards 2024 in London. With over \$10.3 billion (€7 billion) in the fund, EMPOWER is Ireland's largest master trust enabling innovation and investment.
- During the second quarter of 2024, Canada Life's German business received the strongest credit rating of "AA" from the German insurance rating agency Assekurata for the third year in a row with a stable outlook. This is the highest credit rating awarded by the rating agency.

**Selected Financial Information - Europe**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (loss)<sup>1,2</sup></b>					
Workplace Solutions	\$ 68	\$ 43	\$ 56	\$ 111	\$ 118
Individual Wealth & Asset Management	44	43	23	87	59
Insurance & Annuities	93	99	116	192	212
Corporate	1	12	(15)	13	(31)
<b>Base earnings (loss)<sup>1,2</sup></b>	<b>\$ 206</b>	<b>\$ 197</b>	<b>\$ 180</b>	<b>\$ 403</b>	<b>\$ 358</b>
Items excluded from base earnings <sup>2</sup>	(5)	(10)	(78)	(15)	(216)
<b>Net earnings (loss) - common shareholders</b>	<b>\$ 201</b>	<b>\$ 187</b>	<b>\$ 102</b>	<b>\$ 388</b>	<b>\$ 142</b>
<b>Sales<sup>3</sup></b>					
Workplace Solutions	\$ 389	\$ 411	\$ 740	\$ 800	\$ 1,179
Individual Wealth & Asset Management	8,401	5,304	6,473	13,705	13,417
Insurance & Annuities	716	1,560	791	2,276	1,214
<b>Net cash flows<sup>3,4</sup></b>					
Workplace Solutions	\$ 147	\$ 409	\$ 530	\$ 556	\$ 687
Individual Wealth & Asset Management	2,856	1,189	885	4,045	4,131
Insurance & Annuities	1	20	20	21	42
<b>Net cash flows<sup>3,4</sup></b>	<b>\$ 3,004</b>	<b>\$ 1,618</b>	<b>\$ 1,435</b>	<b>\$ 4,622</b>	<b>\$ 4,860</b>
<b>Fee and other income</b>					
Workplace Solutions	\$ 59	\$ 51	\$ 64	\$ 110	\$ 115
Individual Wealth & Asset Management	153	151	134	304	269
Insurance & Annuities and Corporate	5	6	2	11	2
<b>Fee and other income</b>	<b>\$ 217</b>	<b>\$ 208</b>	<b>\$ 200</b>	<b>\$ 425</b>	<b>\$ 386</b>
<b>Group life and health book premiums<sup>3</sup></b>	<b>\$ 2,499</b>	<b>\$ 2,459</b>	<b>\$ 2,306</b>		
<b>Total assets</b>	<b>\$ 208,588</b>	<b>\$ 203,583</b>	<b>\$ 184,354</b>		
Other assets under management <sup>3</sup>	69,755	67,376	58,228		
<b>Total assets under management<sup>1</sup></b>	<b>278,343</b>	<b>270,959</b>	<b>242,582</b>		
Other assets under administration <sup>3,5</sup>	13,213	12,772	11,555		
<b>Total assets under administration<sup>1</sup></b>	<b>\$ 291,556</b>	<b>\$ 283,731</b>	<b>\$ 254,137</b>		
<b>Contractual service margin</b>					
Insurance & Annuities - Non-Participating	\$ 3,337	\$ 3,307	\$ 2,943		
Individual Wealth & Asset Management - Segregated Funds	1,453	1,488	1,390		
<b>Contractual service margin</b>	<b>\$ 4,790</b>	<b>\$ 4,795</b>	<b>\$ 4,333</b>		

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

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

<sup>4</sup> Following internal reviews, the mapping of certain business units to value drivers has been modified and comparative results for the periods ended June 30, 2023 have been restated, as applicable.

<sup>5</sup> At June 30, 2024, other assets under administration excludes \$16.1 billion of assets managed for other business units within the Lifeco group of companies (\$14.3 billion at March 31, 2024 and \$11.3 billion at June 30, 2023).

**Base and net earnings**

In the second quarter of 2024, the Europe segment's net earnings of \$201 million increased by \$99 million compared to the same quarter last year. Base earnings of \$206 million increased by \$26 million compared to the same quarter last year, primarily due to favourable group experience in the U.K., higher fee income, lower operating expenses, higher CSM recognized and higher surplus income. These items were partially offset by unfavourable health claims experience in Ireland and a higher effective tax rate due to the implementation of GMT. Refer to the "Taxes" section of this document for further details.

Items excluded from base earnings for the second quarter of 2024 were negative \$5 million compared to negative \$78 million for the same quarter last year. The increase was primarily due to realized OCI losses in the prior year that did not repeat related to asset rebalancing in the surplus account and a loss from the sale of Canada Life U.K.'s onshore individual protection

business in the prior year. These items were partially offset by less favourable market experience relative to expectations in the current year compared to the prior year due to increases in risk-free interest rates. Second quarter of 2024 excluded from base items include the true-up for GMT impact for the first quarter of 2024.

For the six months ended June 30, 2024, net earnings of \$388 million increased by \$246 million compared to the same period last year. Base earnings of \$403 million increased by \$45 million compared to the same period last year, primarily due to growth in the group and annuity protection business in the U.K., lower operating expenses and higher surplus income growth. These items were partially offset by unfavourable health claims experience in Ireland and the impact of GMT.

For the six months ended June 30, 2024, items excluded from base earnings were negative \$15 million compared to negative \$216 million for the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results and positive market experience relative to expectations from smaller decreases in commercial property compared to the prior period.

For the six months ended June 30, 2024, the impact of GMT was negative \$15 million.

### **Sales**

Individual wealth and asset management sales for the second quarter of 2024 of \$8,401 million increased by \$1,928 million compared to the same quarter last year, primarily due to higher wealth fund management sales in Ireland driven by a large client sale. Insurance and annuities sales for the second quarter of 2024 of \$716 million decreased by \$75 million compared to the same quarter last year, primarily due to a bulk annuity sale in Ireland in the prior year that did not repeat. Workplace Solutions sales for the second quarter of 2024 of \$389 million decreased by \$351 million compared to the same quarter last year, primarily due to lower pension sales in Ireland.

For the six months ended June 30, 2024, individual wealth and asset management sales of \$13,705 million increased by \$288 million compared to the same period last year, primarily due to the same reason discussed for the in-quarter results. Insurance and annuities sales for the six months ended June 30, 2024 of \$2,276 million increased by \$1,062 million compared to the same period last year, primarily due to strong bulk annuity sales and higher individual annuity sales in the U.K. driven by market demand. Workplace Solutions sales for the six months ended June 30, 2024 of \$800 million decreased by \$379 million compared to the same period last year, primarily due to the same reason discussed for the in-quarter results.

### **Group life and health book premiums**

Group life and health book premiums at June 30, 2024 were \$2.5 billion, an increase of \$40 million compared to March 31, 2024, primarily due to organic growth of in-force business and the impact of currency movement.

### **Net cash flows**

In the second quarter of 2024, net cash inflows were \$3.0 billion compared to net cash inflows of \$1.4 billion for the same quarter last year. The increase was primarily due to higher wealth fund management sales in Ireland mainly driven by a large client sale, partially offset by lower net inflows in Workplace Solutions driven by reduced pension sales in Ireland.

For the six months ended June 30, 2024, net cash inflows were \$4.6 billion compared to net cash inflows of \$4.9 billion for the same period last year. The decrease was primarily due to lower individual and wealth management net cash flows from higher surrenders and maturities in the U.K. and Germany as well as lower net cash flows in Workplace Solutions driven by lower pension sales in Ireland.

### **Fee and other income**

Fee and other income for the second quarter of 2024 of \$217 million increased by \$17 million compared to the same quarter last year, primarily due to higher management fees from higher average assets under administration.

For the six months ended June 30, 2024, fee and other income of \$425 million increased by \$39 million compared to the same period last year, primarily due to the same reasons discussed for in-quarter results.

### **Contractual service margin**

Contractual service margin at June 30, 2024 of \$4,790 million was comparable to March 31, 2024.

### **Capital and Risk Solutions**

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

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

## 2024 Developments

- The Capital and Risk Solutions segment continued to grow by providing tailored solutions to customers while increasing diversification within the portfolio. In 2024, the Capital and Risk Solutions segment continues 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. In the first half of 2024, the Company entered into numerous transactions, primarily in the structured products segment.
- 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 in the first half of 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.

## Selected Financial Information - Capital and Risk Solutions

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (loss)<sup>1,2</sup></b>					
Reinsurance	\$ 184	\$ 195	\$ 198	\$ 379	\$ 351
Corporate	6	—	5	6	9
<b>Base earnings (loss)<sup>1,2</sup></b>	<b>\$ 190</b>	<b>\$ 195</b>	<b>\$ 203</b>	<b>\$ 385</b>	<b>\$ 360</b>
Items excluded from base earnings <sup>2</sup>	(35)	65	(34)	30	(7)
<b>Net earnings - common shareholders</b>	<b>\$ 155</b>	<b>\$ 260</b>	<b>\$ 169</b>	<b>\$ 415</b>	<b>\$ 353</b>
<b>Total assets<sup>3</sup></b>	<b>\$ 9,023</b>	<b>\$ 9,017</b>	<b>\$ 8,687</b>		
<b>Contractual service margin</b>					
Reinsurance - Non-Participating	\$ 1,702	\$ 1,736	\$ 1,740		
Reinsurance - Participating	23	23	24		
<b>Contractual service margin</b>	<b>\$ 1,725</b>	<b>\$ 1,759</b>	<b>\$ 1,764</b>		

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

<sup>3</sup> The Capital and Risk Solutions segment does not have assets under management or other assets under administration.

## Base and net earnings

In the second quarter of 2024, the Capital and Risk Solutions segment's net earnings of \$155 million decreased by \$14 million compared to the same quarter last year. Base earnings of \$190 million decreased by \$13 million compared to the same quarter last year, as growth in the structured reinsurance business and higher net investment revenue were offset by unfavourable experience primarily driven by the U.S. life reinsurance business and a \$24 million impact of GMT. Refer to the "Taxes" section of this document for further details.

Items excluded from base earnings for the second quarter of 2024 were negative \$35 million compared to negative \$34 million for the same quarter last year, primarily due to market experience relative to expectations from interest rate movements and the implementation of GMT. Second quarter of 2024 excluded from base items include the true-up for GMT impact for the first quarter of 2024.

For the six months ended June 30, 2024, net earnings of \$415 million increased by \$62 million compared to the same period last year. Base earnings of \$385 million increased by \$25 million compared to the same period last year, primarily due to growth in the structured business, higher net investment revenue and improved experience primarily driven by the U.S. life business, partially offset by the impact of GMT.

For the six months ended June 30, 2024, items excluded from base earnings were positive \$30 million compared to negative \$7 million for the same period last year, primarily due to the same reasons discussed for the in-quarter results.

For the six months ended June 30, 2024, the impact of GMT on net earnings was negative \$51 million, primarily related to operations in Barbados.

## Contractual service margin

Contractual service margin at June 30, 2024 was \$1,725 million, a decrease of \$34 million compared to March 31, 2024, primarily due to business run-off and experience, partially offset by new business and currency impacts.

## Lifeco Corporate

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

### Selected Financial Information - Lifeco Corporate

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (loss)<sup>1</sup></b>	\$ (4)	\$ (2)	\$ (11)	\$ (6)	\$ (16)
Items excluded from base earnings	44	—	—	44	(8)
<b>Net earnings (loss) - common shareholders</b>	<b>\$ 40</b>	<b>\$ (2)</b>	<b>\$ (11)</b>	<b>\$ 38</b>	<b>\$ (24)</b>

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

In the second quarter of 2024, Lifeco Corporate had net earnings of \$40 million compared to a net loss of \$11 million for the same period last year. Base loss of \$4 million decreased by \$7 million compared to the same quarter last year, primarily due to higher net investment income and lower operating expenses.

Items excluded from base earnings for the second quarter of 2024 were positive \$44 million compared to nil for the same quarter last year, primarily due to the finalization of a prior year reinsurance recapture transaction and market experience relative to expectations.

For the six months ended June 30, 2024, Lifeco Corporate had net earnings of \$38 million compared to a net loss of \$24 million for the same period last year. Base loss of \$6 million decreased by \$10 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

For the six months ended June 30, 2024, items excluded from base earnings were positive \$44 million compared to negative \$8 million for the same period last year, primarily due to the same reasons discussed for the in-quarter results.

## Consolidated Financial Position

### Assets

#### Assets under administration<sup>1</sup>

	Canada	United States	Europe	Capital and Risk Solutions	Total
<b>As at June 30, 2024</b>					
Assets					
Invested assets	\$ 91,309	\$ 86,053	\$ 42,588	\$ 8,666	\$ 228,616
Insurance contract assets	452	321	352	190	1,315
Reinsurance contract held assets	1,131	12,318	3,602	129	17,180
Goodwill and intangible assets	6,565	6,292	3,052	—	15,909
Other assets	5,577	16,991	3,705	38	26,311
Investments on account of segregated fund policyholders	107,067	197,875	155,289	—	460,231
<b>Total assets</b>	<b>212,101</b>	<b>319,850</b>	<b>208,588</b>	<b>9,023</b>	<b>749,562</b>
Other assets under management <sup>2</sup>	13,293	128,891	69,755	—	211,939
<b>Total assets under management<sup>1</sup></b>	<b>225,394</b>	<b>448,741</b>	<b>278,343</b>	<b>9,023</b>	<b>961,501</b>
Other assets under administration <sup>2</sup>	60,100	1,894,228	13,213	—	1,967,541
<b>Total assets under administration<sup>1</sup></b>	<b>\$ 285,494</b>	<b>\$ 2,342,969</b>	<b>\$ 291,556</b>	<b>\$ 9,023</b>	<b>\$ 2,929,042</b>
<b>As at December 31, 2023</b>					
Assets					
Invested assets	\$ 89,382	\$ 86,715	\$ 41,981	\$ 8,732	\$ 226,810
Insurance contract assets	400	291	331	171	1,193
Reinsurance contract held assets	1,243	12,243	3,713	133	17,332
Goodwill and intangible assets	6,545	6,151	3,037	—	15,733
Other assets	4,964	16,192	3,531	52	24,739
Assets held for sale <sup>3</sup>	—	4,467	—	—	4,467
Investments on account of segregated fund policyholders	101,250	179,770	141,936	—	422,956
<b>Total assets</b>	<b>203,784</b>	<b>305,829</b>	<b>194,529</b>	<b>9,088</b>	<b>713,230</b>
Continuing operations - other assets under management <sup>2</sup>	13,056	143,997	63,525	—	220,578
Discontinued operations - other assets under management <sup>2,4</sup>	—	161,566	—	—	161,566
<b>Total assets under management<sup>1</sup></b>	<b>216,840</b>	<b>611,392</b>	<b>258,054</b>	<b>9,088</b>	<b>1,095,374</b>
Other assets under administration <sup>2</sup>	55,635	1,689,455	12,076	—	1,757,166
<b>Total assets under administration<sup>1</sup></b>	<b>\$ 272,475</b>	<b>\$ 2,300,847</b>	<b>\$ 270,130</b>	<b>\$ 9,088</b>	<b>\$ 2,852,540</b>

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

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

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

<sup>4</sup> At Q4 2023, other assets under management related to Putnam Investments were classified as discontinued operations - other assets under management.

Total assets under administration at June 30, 2024 increased by \$76.5 billion to \$2.9 trillion compared to December 31, 2023, primarily due to the impact of equity market movement as well as currency movement in the U.S. segment, partially offset by the divestiture of Putnam Investments.

### Invested Assets

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

### 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 \$156.3 billion or 68% of invested assets at June 30, 2024 compared to \$157.1 billion or 69% at December 31, 2023. The decrease in the bond portfolio was primarily due to disposals as well as a decline in fair values resulting from an increase in bond yields across all geographies. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 70% rated A or higher.

Bond credit ratings reflect bond rating agency activity up to June 30, 2024. Management continues to closely monitor bond rating agency activity and general market conditions.

#### Bond portfolio quality

	As at June 30, 2024		As at December 31, 2023	
	\$	%	\$	%
AAA	22,588	15 %	24,298	15 %
AA	29,928	19	31,435	20
A	56,368	36	54,807	35
BBB	45,467	29	44,811	29
BB or lower	1,998	1	1,700	1
<b>Total</b>	<b>\$ 156,349</b>	<b>100 %</b>	<b>\$ 157,051</b>	<b>100 %</b>

### Mortgage portfolio

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

Mortgage loans by type	As at June 30, 2024				As at December 31, 2023	
	Insured <sup>1</sup>	Non-insured	Total		Total	
Single family residential	\$ 303	\$ 1,103	\$ 1,406	4 %	\$ 1,511	4 %
Multi-family residential	2,484	6,789	9,273	24	9,372	24
Equity release	—	4,430	4,430	11	4,203	11
Commercial	—	23,246	23,246	61	23,328	61
<b>Total</b>	<b>\$ 2,787</b>	<b>\$ 35,568</b>	<b>\$ 38,355</b>	<b>100 %</b>	<b>\$ 38,414</b>	<b>100 %</b>

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

The total mortgage portfolio was \$38.4 billion or 17% of invested assets at June 30, 2024, compared to \$38.4 billion or 17% of invested assets at December 31, 2023. At June 30, 2024, total insured loans were \$2.8 billion or 7% of the mortgage portfolio, compared to \$2.9 billion or 8% at December 31, 2023.

## Derivative Financial Instruments

During the second 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 June 30, 2024, total financial collateral, including initial margin and overcollateralization, received on derivative assets was \$1.5 billion (\$1.7 billion at December 31, 2023) and pledged on derivative liabilities was \$1.7 billion (\$0.8 billion at December 31, 2023). Collateral received on derivatives assets decreased and collateral pledged on derivatives liabilities increased in 2024, primarily driven by the impact of the U.S. dollar strengthening against the Canadian dollar on cross-currency swaps that pay U.S. and receive Canadian dollars.

During the six-month period ended June 30, 2024, the outstanding notional amount of derivative contracts increased by \$4.6 billion to \$56.5 billion, primarily due to increases in volume of regular hedging activities.

The Company's exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, decreased to \$1.9 billion at June 30, 2024 from \$2.2 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 second quarter of 2024 and all had investment grade ratings as of June 30, 2024.

## Liabilities

### Total Liabilities

	<b>As at June 30, 2024</b>	<b>As at December 31, 2023</b>
Insurance contract liabilities	\$ 145,282	\$ 144,388
Investment contract liabilities	87,070	88,919
Reinsurance contract held liabilities	731	648
Other general fund liabilities	25,378	24,061
Liabilities held for sale <sup>1</sup>	—	2,407
Insurance contracts on account of segregated fund policyholders	62,473	60,302
Investment contracts on account of segregated fund policyholders	397,758	362,654
<b>Total</b>	<b>\$ 718,692</b>	<b>\$ 683,379</b>

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

Total liabilities increased by \$35.3 billion to \$718.7 billion at June 30, 2024 from December 31, 2023.

Insurance contract liabilities increased by \$0.9 billion. The increase was primarily due to the impact of currency movements.

Investment contract liabilities decreased by \$1.8 billion. The decrease was primarily due to normal business movements.

Other general fund liabilities increased by \$1.3 billion. The increase was primarily due to increases in other liabilities and derivative financial instruments, partially offset by a reduction in accounts payable.

Investment and insurance contracts on account of segregated fund policyholders increased by \$37.3 billion, primarily due to the combined impact of market value gains and investment income of \$28.7 billion and the positive impact of currency movement of \$7.3 billion, partially offset by net withdrawals of \$1.5 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 the Company's Annual MD&A for the period ended December 31, 2023 for additional information.

## Insurance Contract Liabilities and Assets

### Insurance contract liabilities and assets<sup>1</sup>

	Insurance contracts not under PAA method						Total net insurance contract liabilities
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Contracts under PAA method		
<b>As at June 30, 2024</b>							
Canada	\$ 97,358	\$ 1,857	\$ 6,251	\$ 105,466	\$ 9,057	\$ 114,523	
United States	18,787	135	242	19,164	1	19,165	
Europe	42,158	1,016	4,790	47,964	3,636	51,600	
Capital and Risk Solutions	689	2,040	1,725	4,454	249	4,703	
<b>Total</b>	<b>\$ 158,992</b>	<b>\$ 5,048</b>	<b>\$ 13,008</b>	<b>\$ 177,048</b>	<b>\$ 12,943</b>	<b>\$ 189,991</b>	
<b>As at December 31, 2023</b>							
Canada	\$ 95,943	\$ 1,935	\$ 5,872	\$ 103,750	\$ 9,267	\$ 113,017	
United States	18,187	136	276	18,599	1	18,600	
Europe	40,615	1,064	4,718	46,397	3,614	50,011	
Capital and Risk Solutions	1,029	2,162	1,769	4,960	225	5,185	
<b>Total</b>	<b>\$ 155,774</b>	<b>\$ 5,297</b>	<b>\$ 12,635</b>	<b>\$ 173,706</b>	<b>\$ 13,107</b>	<b>\$ 186,813</b>	

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

At June 30, 2024, total net insurance contract liabilities were \$190.0 billion, an increase of \$3.2 billion from December 31, 2023. The increase in net insurance contract liabilities was primarily due to market movements and the impact of currency movements, partially offset by normal business 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<sup>1</sup>

	Non-Participating (excluding Segregated Funds)							
	Canada	United States	Europe	Capital and Risk Solutions	Total	Seg Funds	Par	Total
<b>CSM beginning of period, December 31, 2023</b>	\$ 1,159	\$ 24	\$ 3,255	\$ 1,745	\$ 6,183	\$ 3,298	\$ 3,154	\$ 12,635
Impact of new insurance business	20	—	171	18	209	87	56	352
Expected movements from asset returns & locked-in rates	17	—	37	20	74	120	96	290
CSM recognized for services provided	(67)	(2)	(135)	(76)	(280)	(202)	(77)	(559)
Insurance experience gains/losses	(15)	—	(29)	(18)	(62)	(94)	—	(156)
<b>Organic CSM movement</b>	<b>\$ (45)</b>	<b>\$ (2)</b>	<b>\$ 44</b>	<b>\$ (56)</b>	<b>\$ (59)</b>	<b>\$ (89)</b>	<b>\$ 75</b>	<b>\$ (73)</b>
Impact of markets	—	—	—	—	—	108	258	366
Impact of changes in assumptions and management actions	10	—	(20)	(9)	(19)	1	—	(18)
Currency impact	—	1	58	22	81	9	8	98
<b>Total CSM movement</b>	<b>\$ (35)</b>	<b>\$ (1)</b>	<b>\$ 82</b>	<b>\$ (43)</b>	<b>\$ 3</b>	<b>\$ 29</b>	<b>\$ 341</b>	<b>\$ 373</b>
<b>CSM end of period, June 30, 2024</b>	<b>\$ 1,124</b>	<b>\$ 23</b>	<b>\$ 3,337</b>	<b>\$ 1,702</b>	<b>\$ 6,186</b>	<b>\$ 3,327</b>	<b>\$ 3,495</b>	<b>\$ 13,008</b>

<sup>1</sup> 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 June 30, 2024, total contractual service margin on non-participating business excluding segregated funds was \$6.2 billion, an increase of \$3 million from December 31, 2023. The increase was mainly driven by currency impacts of \$81 million, offset by insurance experience losses of \$62 million and minor assumption changes and management actions of negative \$19 million.

At June 30, 2024, total contractual service margin was \$13.0 billion, an increase of \$373 million from December 31, 2023. The increase was mainly driven by impacts of market movements of \$366 million.

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

### **Lifeco Capital Structure**

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

### **Debentures and Other Debt Instruments**

At June 30, 2024, debentures and other debt instruments increased by \$96 million to \$9,142 million compared to December 31, 2023, primarily due to the impact of currency movement.

### **Share Capital and Surplus**

Share capital outstanding at June 30, 2024 was \$10,244 million, which comprises \$6,024 million of common shares and \$2,720 million of preferred shares and \$1,500 million Limited Recourse Capital Notes (LRCN Series 1). Preferred shares included \$2,470 million of non-cumulative First Preferred Shares and \$250 million of non-cumulative 5-year rate reset First Preferred Shares.

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

During the six months ended June 30, 2024, the Company repurchased and subsequently cancelled 1,157,085 common shares under the current NCIB at an average cost per share of \$41.55.

## Liquidity and Capital Management

### Liquidity

#### Total Liquid Assets

	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
<b>As at June 30, 2024</b>			
<b>Cash, cash equivalents and short-term bonds</b>			
Cash and cash equivalents	\$ 8,582	\$ 8	\$ 8,574
Short-term bonds <sup>1</sup>	4,948	91	4,857
<b>Sub-total</b>	<b>\$ 13,530</b>	<b>\$ 99</b>	<b>\$ 13,431</b>
<b>Other assets and marketable securities</b>			
Government bonds <sup>1</sup>	\$ 36,372	\$ 10,908	\$ 25,464
Corporate bonds <sup>1</sup>	115,029	54,867	60,162
Stocks	17,420	5,159	12,261
Mortgage loans	38,355	35,568	2,787
<b>Sub-total</b>	<b>\$ 207,176</b>	<b>\$ 106,502</b>	<b>\$ 100,674</b>
<b>Total</b>	<b>\$ 220,706</b>	<b>\$ 106,601</b>	<b>\$ 114,105</b>
<b>As at December 31, 2023</b>			
<b>Cash, cash equivalents and short-term bonds</b>			
Cash and cash equivalents	\$ 7,742	\$ 12	\$ 7,730
Short-term bonds <sup>1</sup>	5,876	—	5,876
<b>Sub-total</b>	<b>\$ 13,618</b>	<b>\$ 12</b>	<b>\$ 13,606</b>
<b>Other assets and marketable securities</b>			
Government bonds <sup>1</sup>	\$ 38,369	\$ 10,639	\$ 27,730
Corporate bonds <sup>1</sup>	112,806	53,800	59,006
Stocks	15,733	4,134	11,599
Mortgage loans	38,414	35,500	2,914
<b>Sub-total</b>	<b>\$ 205,322</b>	<b>\$ 104,073</b>	<b>\$ 101,249</b>
<b>Total</b>	<b>\$ 218,940</b>	<b>\$ 104,085</b>	<b>\$ 114,855</b>

<sup>1</sup> Total short-term bonds, government bonds and corporate bonds as at June 30, 2024 was \$156.3 billion (\$157.1 billion at December 31, 2023). Refer to the consolidated balance sheet in the Company's June 30, 2024 condensed consolidated interim unaudited financial statements for on-balance sheet bonds amounts.

The Company's liquidity requirements are largely self-funded, with short-term obligations being met by internal funds and maintaining levels of liquid investments adequate to meet anticipated liquidity needs. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At June 30, 2024, the Company and its operating subsidiaries held liquid cash, cash equivalents and short-term bonds of \$13.4 billion (\$13.6 billion at December 31, 2023) and other liquid assets and marketable securities of \$100.7 billion (\$101.2 billion at December 31, 2023). Included in the cash, cash equivalents and short-term bonds at June 30, 2024 was \$1.0 billion (\$0.5 billion at December 31, 2023) held at the Lifeco holding company level which includes cash at Great-West Lifeco U.S. LLC, the Company's U.S. holding company. In addition, the Company maintains committed lines of credit with Canadian chartered banks for potential unanticipated liquidity needs, if required. Refer to note 6(b) in the Company's June 30, 2024 condensed consolidated interim unaudited financial statements for additional detail.

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

As a holding company, the Company's ability to pay dividends and, in part, its ability to deploy capital is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company. In the second quarter of 2024, the Company's main operating subsidiaries made cash payments to the holding company in the form of dividends in the amount of \$0.7 billion which was comparable to the average of the previous five quarters.

Liquidity risk is assessed and mitigated through prudent product design and contract terms; and by maintaining a high quality, diversified investment portfolio with sufficient liquidity to meet policyholder and financing obligations under normal and stress conditions. Refer to the "Liquidity Risk" section of the Company's Annual MD&A for the period ended December 31, 2023 for additional information.

## Cash Flows

### Cash flows

	For the three months ended June 30		For the six months ended June 30	
	2024	2023 <sup>1</sup>	2024	2023 <sup>1</sup>
<b>Cash flows relating to the following activities:</b>				
Operations	\$ 1,535	\$ 2,373	\$ 1,788	\$ 2,552
Financing	(641)	(1,508)	(1,177)	(2,260)
Investment	(105)	(8)	(319)	(85)
	789	857	292	207
Effects of changes in exchange rates on cash and cash equivalents	85	(94)	173	(68)
Increase (decrease) in cash and cash equivalents in the period	874	763	465	139
Cash and cash equivalents, beginning of period	7,708	6,666	8,117	7,290
<b>Cash and cash equivalents from continuing and discontinued operations, end of period</b>	<b>\$ 8,582</b>	<b>\$ 7,429</b>	<b>\$ 8,582</b>	<b>\$ 7,429</b>
Cash and cash equivalents from discontinued operations, end of period <sup>2</sup>	—	258	—	258
<b>Cash and cash equivalents from continuing operations, end of period</b>	<b>\$ 8,582</b>	<b>\$ 7,171</b>	<b>\$ 8,582</b>	<b>\$ 7,171</b>

<sup>1</sup> The Company has reclassified certain comparative figures to conform to the current period's presentation. These classifications had no impact on the equity or net earnings of the Company.

<sup>2</sup> On January 1, 2024, Lifeco completed the sale of Putnam Investments to Franklin Templeton. Beginning in Q2 2023, the cash flows related to the discontinued operations have been presented separately.

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

In the second quarter of 2024, cash and cash equivalents increased by \$874 million from March 31, 2024. Cash flows provided by operations during the second quarter of 2024 were \$1,535 million, a decrease of \$838 million compared to the second quarter of 2023. The decrease was primarily due to higher net sales of portfolio investments in the prior year, partially offset by higher net earnings after taxes. Cash flows used by financing activities of \$641 million were primarily used for payment of dividends to common and preferred shareholders. Cash flows used by investment activities were \$105 million.

For the six months ended June 30, 2024, cash and cash equivalents increased by \$465 million from December 31, 2023. Cash flows provided by operations were \$1,788 million, a decrease of \$764 million compared to the same period last year, primarily due to the same reasons discussed as the in-quarter results. Cash flows used by financing activities of \$1,177 million were primarily used for the same reasons discussed for the in-quarter results. Cash flows used by investment activities were \$319 million primarily related to the sale of Putnam Investments classified as discontinued operations.

## Commitments/Contractual Obligations

Commitments/contractual obligations have not changed materially from December 31, 2023.

## Capital Management and Adequacy

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

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

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

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

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

Canada Life's consolidated LICAT Ratio at June 30, 2024 was 130%. The LICAT Ratio does not take into account any impact from \$1.0 billion of liquidity at the Lifeco holding company level at June 30, 2024 (\$0.9 billion at March 31, 2024).

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

### LICAT Ratio

	June 30 2024	Dec. 31 2023
Tier 1 Capital	\$ 19,478	\$ 18,285
Tier 2 Capital	5,168	5,223
Total Available Capital	24,646	23,508
Surplus Allowance & Eligible Deposits	5,166	5,406
<b>Total Capital Resources</b>	<b>\$ 29,812</b>	<b>\$ 28,914</b>
<b>Required Capital</b>	<b>\$ 22,852</b>	<b>\$ 22,525</b>
<b>Total Ratio (OSFI Supervisory Target = 100%)<sup>1</sup></b>	<b>130 %</b>	<b>128 %</b>

<sup>1</sup> Total Ratio (%) = (Total Capital Resources / Required Capital)

The LICAT Ratio increased by two points from 128% at December 31, 2023 to 130% at June 30, 2024 as a result of earnings which increased total capital resources. In-quarter growth of one point from March 31, 2024 was as a result of similar factors.

In the U.S, the National Association of Insurance Commissioners has established Risk-Based Capital (RBC) as a regulatory capital adequacy measurement. Empower, Lifeco's U.S. operating company, reports its RBC ratio annually to U.S. Insurance Regulators. The RBC ratio is for information only and is not intended as a means to rank insurers generally or for any other purpose. The reported December 31, 2023 ratio was 522%. At June 30, 2024, the ratio is estimated to continue to be above 500%.

### OSFI Regulatory Capital Initiatives

OSFI is developing a new approach, planned to be implemented in 2025, to determine capital requirements for Segregated Fund Guarantee Risk. The Company will continue to participate in future public consultations relating to this and other developments.

## Return on Equity (ROE)

	June 30 2024	March 31 2024	June 30 2023
<b>Base Return on Equity<sup>1</sup> by Segment</b>			
Canada	16.4 %	16.2 %	17.6 %
United States	13.3 %	12.6 %	11.4 %
Europe <sup>2</sup>	17.3 %	16.8 %	17.5 %
Capital and Risk Solutions <sup>2</sup>	50.8 %	52.9 %	37.1 %
<b>Total Lifeco Base Return on Equity<sup>2</sup></b>	<b>17.2 %</b>	<b>17.0 %</b>	<b>15.9 %</b>
<b>Return on Equity - Continuing Operations<sup>3</sup> by Segment</b>			
Canada	17.0 %	14.9 %	15.3 %
United States	11.1 %	9.8 %	8.2 %
Europe	13.2 %	11.2 %	11.8 %
Capital and Risk Solutions	55.5 %	57.8 %	30.0 %
<b>Total Lifeco Return on Equity - Continuing Operations</b>	<b>16.2 %</b>	<b>14.6 %</b>	<b>12.2 %</b>

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

<sup>2</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

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

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

Lifeco's base ROE as at June 30, 2024 increased by 1.3 percentage points compared to the same quarter last year. The increase was driven by the U.S. and Capital and Risk Solutions segments, for which base ROEs increased by 1.9 and 13.7 percentage points, respectively. The increase in the U.S. segment was driven by strong earnings growth that outpaced growth in equity. In the Capital and Risk Solutions segment, trailing four quarter base earnings for the comparative period ended June 30, 2023 included a net loss provision of \$128 million after-tax for estimated claims resulting from the impact of Hurricane Ian in the third quarter of 2022.

Lifeco's ROE as at June 30, 2024 increased by 4.0 percentage points compared to the same quarter last year, primarily for the same reasons as discussed for Lifeco's base ROE.

## Ratings

Lifeco maintains ratings from five independent ratings companies. Credit ratings<sup>1</sup> 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.

In the second quarter of 2024, the existing credit ratings for Lifeco and its major operating subsidiaries were unchanged. The Company continued to receive strong ratings relative to its North American peer group resulting from its conservative risk profile, stable net earnings and strong capitalization.

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

<sup>1</sup> 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 and Control Practices**

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The Company's Enterprise Risk Management (ERM) Framework facilitates the alignment of business strategy with risk appetite, informs and improves the deployment of capital; and supports the identification, mitigation and management of exposure to potential losses and risk. The Company's Risk Function is responsible for developing and maintaining the Risk Appetite Framework (RAF), the supporting risk policies and risk limit structure, and provides independent risk oversight across the Company's operations. The Board of Directors is ultimately accountable and responsible for the Company's risk governance and associated risk policies. These include the ERM Policy, which establishes the guiding principles of risk management, and the RAF, which reflects the levels and types of risk that the Company is willing to accept to achieve its business objectives.

During the six months ended June 30, 2024, there were no significant changes to the Company's risk management and control practices. Refer to the Company's 2023 Annual MD&A for a detailed description of the Company's risk management and control practices.

## **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.

### **Financial Exposures and Sensitivities**

The following table illustrates the approximate impact to the Company's shareholders' net earnings that would arise as a result of changes to management's best estimate of certain assumptions. A description of the methodologies used to calculate the Company's financial risk sensitivities is included in the "Summary of Critical Accounting Estimates" section of the Company's 2023 Annual MD&A. For changes in financial assumptions, the sensitivity is shown net of the corresponding impact on earnings of the change in the value of liabilities and the value of assets supporting liabilities.

The impact to shareholders' net earnings from an immediate 50 basis point increase or decrease in credit spreads is illustrated in the table below, with no change to the ultimate illiquidity premium. Actual impacts of credit spread changes will vary depending on the geographies where the changes occur, and the changes in credit spreads by term. A change in credit spreads may also lead to a change in the allowance for credit risk within the IFRS 17 discount rate, depending on prevailing market and credit conditions at the time; any potential earnings impacts that may arise from such a change are not reflected in the sensitivities below.

On January 1, 2024, the Company completed the sale of Putnam Investments and currently holds approximately 31,600,000 Franklin Templeton shares as part of the consideration, which are classified as fair value through other comprehensive income (FVOCI). The Company will hold a majority of these shares for a minimum five-year period.

**Financial Exposures and Sensitivities**

	Net earnings		Equity <sup>1</sup>		CSM <sup>2</sup>		LICAT <sup>3</sup>	
	June 30 2024	Dec. 31 2023	June 30 2024	Dec. 31 2023	June 30 2024	Dec. 31 2023	June 30 2024	Dec. 31 2023
Investment returns:								
Change in risk free interest rates								
50 basis points increase	\$ 125	\$ 175	\$ 100	\$ 150	\$ 125	\$ 175	(1 point)	0 point
50 basis points decrease	(150)	(225)	(150)	(225)	(200)	(250)	0 point	0 point
Change in credit spreads								
50 basis points increase	\$ 225	\$ 300	\$ 275	\$ 350	\$ 100	\$ 175	0 point	1 point
50 basis points decrease	(275)	(375)	(350)	(450)	(175)	(250)	(1 point)	(1 point)
Change in publicly traded common stock values <sup>1</sup>								
20% increase	\$ 125	\$ 225	\$ 575	\$ 525	\$ 550	\$ 525	(1 point)	0 point
10% increase	50	100	275	250	275	275	< (1 point)	0 point
10% decrease	(50)	(100)	(275)	(250)	(300)	(300)	0 point	0 point
20% decrease	(125)	(225)	(575)	(525)	(575)	(550)	< (1 point)	(1 point)
Change in other non-fixed income asset values								
10% increase	\$ 425	\$ 400	\$ 450	\$ 450	\$ —	\$ —	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)

<sup>1</sup> The net impact of the sale of Putnam Investments and the receipt of Franklin Templeton common shares is reflected in the June 30, 2024 values in the table above. The Franklin Templeton common shares are measured at FVOCI and therefore unrealized gains and losses do not impact shareholders' net earnings. The after-tax impact on shareholders' equity of the Franklin Templeton common shares is approximately \$75 for every 10% change in the common stock equity value.

<sup>2</sup> The impacts to the total contractual service margin are pre-tax.

<sup>3</sup> 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.

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

The potential impact on shareholders' net earnings of the Company does not take into account any future potential changes to the Company's ultimate investment rate (UIR) assumptions. As at both June 30, 2024 and December 31, 2023, the sensitivity of shareholders' net earnings of the Company to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of \$25 million or a decrease of \$25 million post-tax, respectively. In addition, the sensitivity of the CSM of the Company to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of \$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 the Company's 2023 Annual MD&A for additional information on earnings and LICAT sensitivities.

## 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 International Financial Reporting Standards (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.

For additional detail, refer to note 2 of the Company's condensed consolidated interim unaudited financial statements for the period ended June 30, 2024.

## Other Information

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### Non-GAAP Financial Measures and Ratios

#### Non-GAAP Financial Measures

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

#### Base earnings (loss)

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

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

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

**Lifeco**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings<sup>1</sup></b>	\$ 1,038	\$ 978	\$ 920	\$ 2,016	\$ 1,746
<b>Items excluded from Lifeco base earnings</b>					
Market experience relative to expectations (pre-tax)	\$ 45	\$ 136	\$ (92)	\$ 181	\$ (301)
Income tax (expense) benefit	(17)	(29)	13	(46)	54
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	—	(158)	—	(158)
Income tax (expense) benefit	—	—	37	—	37
Assumption changes and management actions (pre-tax)	2	3	(5)	5	4
Income tax (expense) benefit	37	(4)	1	33	(1)
Business transformation impacts (pre-tax) <sup>2</sup>	(36)	(67)	(144)	(103)	(170)
Income tax (expense) benefit <sup>2</sup>	7	18	33	25	40
Amortization of acquisition-related finite life intangibles (pre-tax) <sup>2</sup>	(52)	(50)	(49)	(102)	(92)
Income tax (expense) benefit <sup>2</sup>	15	12	13	27	24
Tax legislative changes impact (pre-tax) <sup>1,2</sup>	—	—	—	—	—
Income tax (expense) benefit <sup>1,2</sup>	(34)	34	—	—	—
Total pre-tax items excluded from base earnings	\$ (41)	\$ 22	\$ (448)	\$ (19)	\$ (717)
Impact of items excluded from base earnings on income taxes <sup>1</sup>	8	31	97	39	154
<b>Net earnings from continuing operations</b>	\$ 1,005	\$ 1,031	\$ 569	\$ 2,036	\$ 1,183
Net earnings (loss) from discontinued operations (post-tax)	—	(115)	(71)	(115)	(90)
Net gain from disposal of discontinued operations (post-tax)	—	44	—	44	—
<b>Net earnings - common shareholders</b>	\$ 1,005	\$ 960	\$ 498	\$ 1,965	\$ 1,093

<sup>1</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

<sup>2</sup> Included in other non-market related impacts.

**Canada**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings</b>	\$ 322	\$ 302	\$ 283	\$ 624	\$ 561
<b>Items excluded from base earnings</b>					
Market experience relative to expectations (pre-tax)	\$ 35	\$ 93	\$ (179)	\$ 128	\$ (239)
Income tax (expense) benefit	(10)	(26)	50	(36)	67
Assumption changes and management actions (pre-tax)	1	9	1	10	4
Income tax (expense) benefit	—	(3)	—	(3)	(1)
Business transformation impacts (pre-tax) <sup>1</sup>	(9)	(23)	(3)	(32)	(3)
Income tax (expense) benefit <sup>1</sup>	2	6	1	8	1
Amortization of acquisition-related finite life intangibles (pre-tax) <sup>1</sup>	(8)	(7)	(6)	(15)	(12)
Income tax (expense) benefit <sup>1</sup>	2	2	1	4	3
<b>Net earnings - common shareholders</b>	\$ 335	\$ 353	\$ 148	\$ 688	\$ 381

<sup>1</sup> Included in other non-market related impacts.

**United States**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings</b>	\$ 324	\$ 286	\$ 265	\$ 610	\$ 483
<b>Items excluded from base earnings</b>					
Market experience relative to expectations (pre-tax)	\$ (2)	\$ 9	\$ (4)	\$ 7	\$ (9)
Income tax (expense) benefit	1	(2)	—	(1)	—
Business transformation impacts (pre-tax) <sup>1</sup>	(27)	(44)	(95)	(71)	(121)
Income tax (expense) benefit <sup>1</sup>	5	12	22	17	29
Amortization of acquisition-related finite life intangibles (pre-tax) <sup>1</sup>	(39)	(37)	(37)	(76)	(69)
Income tax (expense) benefit <sup>1</sup>	12	9	10	21	18
<b>Net earnings from continuing operations</b>	\$ 274	\$ 233	\$ 161	\$ 507	\$ 331
Net earnings (loss) from discontinued operations (post-tax)	—	(115)	(71)	(115)	(90)
Net gain from disposal of discontinued operations (post-tax)	—	44	—	44	—
<b>Net earnings - common shareholders</b>	\$ 274	\$ 162	\$ 90	\$ 436	\$ 241

<sup>1</sup> Included in other non-market related impacts.

**Europe**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings<sup>1</sup></b>	\$ 206	\$ 197	\$ 180	\$ 403	\$ 358
<b>Items excluded from base earnings</b>					
Market experience relative to expectations (pre-tax)	\$ 13	\$ (15)	\$ 100	\$ (2)	\$ (55)
Income tax (expense) benefit	(5)	3	(16)	(2)	—
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	—	(158)	—	(158)
Income tax (expense) benefit	—	—	37	—	37
Assumption changes and management actions (pre-tax)	(2)	—	(1)	(2)	5
Income tax (expense) benefit	—	—	—	—	(1)
Business transformation impacts (pre-tax) <sup>2</sup>	—	—	(46)	—	(46)
Income tax (expense) benefit <sup>2</sup>	—	—	10	—	10
Amortization of acquisition-related finite life intangibles (pre-tax) <sup>2</sup>	(5)	(6)	(6)	(11)	(11)
Income tax (expense) benefit <sup>2</sup>	1	1	2	2	3
Tax legislative changes impact (pre-tax) <sup>1,2</sup>	—	—	—	—	—
Income tax (expense) benefit <sup>1,2</sup>	(7)	7	—	—	—
<b>Net earnings - common shareholders</b>	\$ 201	\$ 187	\$ 102	\$ 388	\$ 142

<sup>1</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

<sup>2</sup> Included in other non-market related impacts.

**Capital and Risk Solutions**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings<sup>1</sup></b>	\$ 190	\$ 195	\$ 203	\$ 385	\$ 360
<b>Items excluded from base earnings</b>					
Market experience relative to expectations (pre-tax)	\$ (6)	\$ 49	\$ (9)	\$ 43	\$ 13
Income tax (expense) benefit	(2)	(4)	(21)	(6)	(16)
Assumption changes and management actions (pre-tax)	(1)	(6)	(5)	(7)	(5)
Income tax (expense) benefit	1	(1)	1	—	1
Tax legislative changes impact (pre-tax) <sup>1,2</sup>	—	—	—	—	—
Income tax (expense) benefit <sup>1,2</sup>	(27)	27	—	—	—
<b>Net earnings - common shareholders</b>	<b>\$ 155</b>	<b>\$ 260</b>	<b>\$ 169</b>	<b>\$ 415</b>	<b>\$ 353</b>

<sup>1</sup> Global Minimum Tax legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, comparative results for base earnings and items excluded from base earnings for the first quarter of 2024 are presented on a "pro forma" basis as if the legislation was enacted in the first quarter of 2024. See "Taxes" section of this document for further details.

<sup>2</sup> Included in other non-market related impacts.

**Lifeco Corporate**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (loss)</b>	\$ (4)	\$ (2)	\$ (11)	\$ (6)	\$ (16)
<b>Items excluded from base earnings (loss)</b>					
Market experience relative to expectations (pre-tax)	\$ 5	\$ —	\$ —	\$ 5	\$ (11)
Income tax (expense) benefit	(1)	—	—	(1)	3
Assumption changes and management actions (pre-tax)	4	—	—	4	—
Income tax (expense) benefit	36	—	—	36	—
<b>Net earnings (loss) - common shareholders</b>	<b>\$ 40</b>	<b>\$ (2)</b>	<b>\$ (11)</b>	<b>\$ 38</b>	<b>\$ (24)</b>

**Base earnings - insurance service result**

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

**Lifeco (pre-tax)**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings - insurance service result</b>	\$ 794	\$ 763	\$ 711	\$ 1,557	\$ 1,370
Items excluded from base earnings	(1)	(2)	(46)	(3)	(43)
Participating account	38	36	38	74	76
<b>Net earnings - insurance service result</b>	<b>\$ 831</b>	<b>\$ 797</b>	<b>\$ 703</b>	<b>\$ 1,628</b>	<b>\$ 1,403</b>

**Base earnings - net investment result**

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

**Lifeco (pre-tax)**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings - net investment result</b>	\$ 255	\$ 297	\$ 266	\$ 552	\$ 480
Items excluded from base earnings	49	144	(255)	193	(464)
Spread income	328	321	305	649	663
Participating account	17	(2)	(12)	15	(61)
<b>Net earnings - net investment result</b>	<b>\$ 649</b>	<b>\$ 760</b>	<b>\$ 304</b>	<b>\$ 1,409</b>	<b>\$ 618</b>

**Base earnings - pre-tax**

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

**Lifeco**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Base earnings (pre-tax)</b>	\$ 1,325	\$ 1,230	\$ 1,131	\$ 2,555	\$ 2,092
<b>Items excluded from Lifeco base earnings</b>					
Market experience relative to expectations (pre-tax)	\$ 45	\$ 136	\$ (92)	\$ 181	\$ (301)
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	—	(158)	—	(158)
Assumption changes and management actions (pre-tax)	2	3	(5)	5	4
Business transformation impacts (pre-tax) <sup>1</sup>	(36)	(67)	(144)	(103)	(170)
Amortization of acquisition-related finite life intangibles (pre-tax) <sup>1</sup>	(52)	(50)	(49)	(102)	(92)
Total pre-tax items excluded from base earnings	\$ (41)	\$ 22	\$ (448)	\$ (19)	\$ (717)
Participating account	30	6	(1)	36	(39)
<b>Earnings before income taxes</b>	<b>\$ 1,314</b>	<b>\$ 1,258</b>	<b>\$ 682</b>	<b>\$ 2,572</b>	<b>\$ 1,336</b>

<sup>1</sup> Included in other non-market related impacts.

**Empower Defined Contribution and Personal Wealth net revenue**

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

**United States**

	For the three months ended			For the six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
<b>Empower Defined Contribution (US\$)</b>					
Gross AUM fees	\$ 437	\$ 425	\$ 406	\$ 862	\$ 802
Asset-based expenses	(110)	(109)	(108)	(219)	(210)
Asset-based fee income (net)	\$ 327	\$ 316	\$ 298	\$ 643	\$ 592
Spread income	175	173	195	348	396
Credit experience	(29)	—	(10)	(29)	(13)
Spread income (net)	\$ 146	\$ 173	\$ 185	\$ 319	\$ 383
Other fees	222	175	164	397	316
<b>Total net revenue (US\$)</b>	<b>\$ 695</b>	<b>\$ 664</b>	<b>\$ 647</b>	<b>\$ 1,359</b>	<b>\$ 1,291</b>
<b>Empower Personal Wealth (US\$)</b>					
Gross AUM fees	\$ 102	\$ 99	\$ 81	\$ 201	\$ 157
Asset-based expenses	(14)	(14)	(10)	(28)	(22)
Asset-based fee income (net)	\$ 88	\$ 85	\$ 71	\$ 173	\$ 135
Spread income (net)	44	46	39	90	76
Other fees	18	19	16	37	28
<b>Total net revenue (US\$)</b>	<b>\$ 150</b>	<b>\$ 150</b>	<b>\$ 126</b>	<b>\$ 300</b>	<b>\$ 239</b>
<b>Reconciliation to Income Statement</b>					
<b>Fee and other income</b>					
Gross AUM and other fees (US\$)	\$ 779	\$ 718	\$ 667	\$ 1,497	\$ 1,303
Gross AUM and other fees (C\$)	1,067	970	893	2,037	1,752
Add: Other fee and other income	32	31	28	63	56
<b>Fee and other income</b>	<b>\$ 1,099</b>	<b>\$ 1,001</b>	<b>\$ 921</b>	<b>\$ 2,100</b>	<b>\$ 1,808</b>
<b>Net investment result</b>					
Empower DC and PW spread income (net) (US\$)	\$ 190	\$ 219	\$ 224	\$ 409	\$ 459
Empower DC and PW spread income (net) (C\$)	\$ 261	\$ 295	\$ 300	\$ 556	\$ 616
Add: Other U.S. segment net investment results	69	81	20	150	65
Add: Items excluded from base earnings	(2)	9	(4)	7	(9)
Add: Participating account	1	1	—	2	—
<b>Net investment result</b>	<b>\$ 329</b>	<b>\$ 386</b>	<b>\$ 316</b>	<b>\$ 715</b>	<b>\$ 672</b>
<b>Operating and administrative expenses</b>					
Asset-based expenses (US\$)	\$ (124)	\$ (123)	\$ (118)	\$ (247)	\$ (232)
Empower DC other operating expenses (US\$)	(437)	(462)	(436)	(899)	(876)
Empower PW other operating expenses (US\$)	(96)	(95)	(73)	(191)	(159)
Total Empower DC and PW fee and spread income-related operating expenses (US\$)	\$ (657)	\$ (680)	\$ (627)	\$ (1,337)	\$ (1,267)
Total Empower DC and PW operating expenses (C\$)	(900)	(918)	(840)	(1,818)	(1,698)
Add: Items excluded from base earnings	(15)	—	(67)	(15)	(67)
Add: Other U.S. segment operating expenses	(24)	(56)	(26)	(80)	(109)
Add: Participating account	(4)	(1)	(3)	(5)	(5)
<b>Operating and administrative expenses</b>	<b>\$ (943)</b>	<b>\$ (975)</b>	<b>\$ (936)</b>	<b>\$ (1,918)</b>	<b>\$ (1,879)</b>

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

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

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

**Lifeco**

	June 30 2024	March 31 2024	June 30 2023
<b>Total assets per financial statements<sup>1</sup></b>	\$ 749,562	\$ 736,722	\$ 690,003
Continuing operations - other AUM	211,939	204,651	198,956
Discontinued operations - other AUM	—	—	153,414
<b>Total AUM<sup>1</sup></b>	\$ 961,501	\$ 941,373	\$ 1,042,373
Other AUA	1,967,541	1,913,791	1,601,005
<b>Total AUA<sup>1</sup></b>	\$ 2,929,042	\$ 2,855,164	\$ 2,643,378

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

**Canada**

	June 30 2024	March 31 2024	June 30 2023
<b>Canada wealth fee business AUA</b>			
Segregated fund assets	\$ 107,067	\$ 106,530	\$ 98,216
Other AUM	13,293	13,424	3,971
Wealth fee business other AUA	57,771	57,142	25,141
<b>Total Canada wealth fee business AUA</b>	\$ 178,131	\$ 177,096	\$ 127,328
Add: Other balance sheet assets	\$ 105,034	\$ 103,874	\$ 98,457
Add: Other AUA	2,329	2,152	2,221
Consolidated Canada balance sheet assets	\$ 212,101	\$ 210,404	\$ 196,673
Consolidated Canada other AUM	13,293	13,424	3,971
Consolidated Canada other AUA	60,100	59,294	27,362
<b>Total Canada AUA</b>	\$ 285,494	\$ 283,122	\$ 228,006

**United States**

	June 30 2024	March 31 2024	June 30 2023
<b>Empower AUA</b>			
General account	\$ 87,553	\$ 87,471	\$ 91,817
Segregated funds	193,030	186,611	170,566
Other AUM	82,843	80,609	92,860
Other AUA	1,894,228	1,841,725	1,562,088
<b>Empower AUA</b>	\$ 2,257,654	\$ 2,196,416	\$ 1,917,331
PanAgora - other AUM	\$ 46,117	\$ 45,164	\$ 43,897
Discontinued operations - other AUM	—	—	184,309
<b>Subtotal</b>	\$ 2,303,771	\$ 2,241,580	\$ 2,145,537
Add: Other AUM consolidated adjustment	\$ (69)	\$ (1,922)	\$ (30,895)
Add: Other balance sheet assets	39,267	39,636	37,906
Consolidated United States balance sheet assets	\$ 319,850	\$ 313,718	\$ 300,289
Consolidated United States other AUM	128,891	123,851	290,171
Consolidated United States other AUA	1,894,228	1,841,725	1,562,088
<b>Total United States AUA</b>	\$ 2,342,969	\$ 2,279,294	\$ 2,152,548

Europe

	June 30 2024	March 31 2024	June 30 2023
<b>Europe wealth and investment only AUA</b>			
Segregated fund assets	\$ 155,289	\$ 150,177	\$ 135,542
Other AUM	69,755	67,376	58,228
Other AUA	13,213	12,772	11,555
<b>Total Europe wealth and investment only AUA</b>	<b>\$ 238,257</b>	<b>\$ 230,325</b>	<b>\$ 205,325</b>
Add: Other balance sheet assets	\$ 53,299	\$ 53,406	\$ 48,812
Consolidated Europe balance sheet assets	\$ 208,588	\$ 203,583	\$ 184,354
Consolidated Europe other AUM	69,755	67,376	58,228
Consolidated Europe other AUA	13,213	12,772	11,555
<b>Total Europe AUA</b>	<b>\$ 291,556</b>	<b>\$ 283,731</b>	<b>\$ 254,137</b>

Non-GAAP Ratios

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

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

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

Glossary

- **Assumption changes and management actions** - The net earnings impact of: (i) revisions to the methodologies and assumptions used in the measurement of the Company's assets, insurance contract liabilities and investment contract liabilities, and (ii) actions taken by management in the current reporting period which include, but are not limited to, changes in in-force product features (including prices), and new or revised reinsurance deals on in-force business. Assumption changes and management actions are excluded from base earnings.
- **Business transformation impacts** - Business transformation impacts include acquisition and divestiture costs as well as restructuring and integration costs.
- **Book value per common share** - Measure is calculated by dividing Lifeco's common shareholders' equity by the number of common shares outstanding at the end of the period.
- **Contractual service margin (CSM)** - The CSM of a group of insurance contracts represents the unearned profit that the Company expects to recognize in the future as it provides services under those contracts. On initial recognition of a group

of insurance contracts, if the total of the fulfillment cash flows, any derecognized assets for insurance acquisition cash flows, and any cash flows arising at that date is a net inflow, the group of contracts is non-onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no net income or expenses arising on initial recognition.

- **Common shareholders' equity** - A financial measure comprised of the following items from Lifeco's balance sheet: share capital - common shares, accumulated surplus, accumulated other comprehensive income and contributed surplus.
- **Dividend payout ratio** - Dividends paid to common shareholders are divided by net earnings - common shareholders.
- **Drivers of earnings (DOE)** - Drivers of earnings analysis provides additional detail on the primary sources of Lifeco's earnings and is a consistent presentation across Canadian insurance industry peers. The DOE view presents net earnings attributable to common shareholders, comprising base earnings on a DOE basis and items excluded from base earnings. For base insurance service result, the DOE view provides detail on expected insurance earnings, the impact of new business and experience gains and losses. For base net investment result, the DOE view provides detail on expected investment earnings, credit experience, trading activity and earnings on surplus. Base other income and expenses are presented separately in the DOE view with additional detail on net fee and spread income, non-directly attributable and other expenses, income taxes on base earnings, non-controlling interests, preferred dividends and other items.
- **Financial leverage ratio** - Defined as debt, hybrid securities, and preferred shares divided by total consolidated capitalization. The denominator also includes the after-tax non-participating CSM balance in the denominator, other than CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT.
- **General Measurement Model (GMM)** - The Company applies this measurement model to all IFRS 17 contracts not measured under the PAA or VFA measurement models.
- **Group life and health book premiums** - For group life and health insurance, this measure represents the value of in-force premiums at the end of the reporting period.
- **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	
	June 30, 2024	June 30, 2023
United States dollar	1.37	1.34
British pound	1.73	1.68
Euro	1.47	1.46

- **Market experience relative to expectations** - The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:
  - the impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets;
  - the impact on segregated fund guarantee liabilities not hedged;
  - the market-related impacts that are different than expectations on surplus assets, general account assets and the insurance and investment contract liabilities they support; and
  - other market impacts on general account assets and the insurance and investment contract liabilities they support that cannot be attributed to expectations within the period.
- **Net cash flows and net flows** - Indicator of the Company's ability to attract and retain business. Net cash flows and net asset flows are measured by the following:
  - Canada wealth management net cash flows include cash inflows and outflows related to segregated fund assets and proprietary and non-proprietary mutual funds.
  - Europe wealth and investment only net cash flows include cash inflows and outflows related to segregated fund assets, proprietary mutual funds and institutional assets as well as other assets under administration.

- Empower net cash flows include cash inflows and outflows related to segregated fund assets, general fund assets, proprietary and non-proprietary mutual funds as well as other assets under management.
- PanAgora net flows include institutional sales and redemptions.
- **Net earnings from continuing operations** - Defined as net earnings - common shareholders less net earnings (loss) from discontinued operations and the net gain from disposal of discontinued operations. The discontinued operations represent the results of Putnam Investments. On January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton".
- **Office of the Superintendent of Financial Institutions Canada (OSFI)** - Is an independent Canadian federal government agency that regulates and supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting their requirements.
- **Other assets under administration** - Includes assets where the Company only provides administration services for which the Company earns fees and other income. These assets are beneficially owned by the clients and the Company does not direct the investing activities. Services provided relating to assets under administration include recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.
- **Other assets under management** - Includes external client funds where the Company has oversight of the investment policies. Services provided in respect of proprietary mutual funds and institutional assets include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients.
- **Premium Allocation Approach (PAA)** - The Company applies this IFRS 17 measurement model to contracts with coverage periods of one year or less and those that are relatively stable and have low variability in fulfillment cash flows. Low variability in fulfillment cash flows indicates that no significant difference in measurement exists when compared to the general measurement model (GMM).
- **Price/book value ratio** - The Company's closing share price divided by its book value per share.
- **Price/earnings ratio** - The Company's closing share price divided by its net earnings per share on a trailing four quarter basis.
- **Return on equity (ROE) - continuing operations** - Net earnings from continuing operations for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Sales** - Sales are measured according to product type:
  - For risk-based insurance and annuity products, sales include 100% of single premium and annualized premiums expected in the first twelve months of the plan.
  - Group insurance and ASO sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies.
  - For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds.
  - For group wealth management products, sales include assets transferred from previous plan providers and the expected annual contributions from the new plan.
- **Segmented common shareholders' equity** - The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for Empower and Putnam, it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

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

- **Variable Fee Approach (VFA)** - The Company applies this IFRS 17 measurement model to contracts with direct participating features such as participating insurance and segregated fund business with insurance guarantees, where an investment return is provided to the policyholder based on a defined pool of items (e.g., a portfolio of assets).

## 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.

## 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.

There have been no changes during the six months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Transactions with Related Parties

On May 6, 2024, the Company announced it had entered into a new long-term strategic partnership with Power Sustainable Manager Inc. (Power Sustainable), a climate-focused investment manager and subsidiary of the Company's parent, Power Corporation of Canada. Under the transaction, the Company has become a minority shareholder in Power Sustainable with an ownership share of slightly below 20% on a fully diluted basis. The Company has agreed to invest in certain funds across Power Sustainable's investment strategies in the future.

Otherwise, related party transactions have not changed materially from December 31, 2023.

## Quarterly Financial Information

**Quarterly financial information**  
(in \$ millions, except per share amounts)

	2024		2023				2022 (Restated)	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Insurance revenue	\$ 5,273	\$ 5,250	\$ 5,174	\$ 5,110	\$ 5,081	\$ 5,037	\$ 5,442	\$ 4,648
Net investment income	2,409	2,340	2,431	2,271	2,061	2,101	2,085	2,027
Changes in fair value on FVTPL assets	(864)	(1,385)	11,042	(5,457)	(2,668)	3,572	1,351	(7,399)
Fee and other income	1,794	1,672	1,558	1,450	1,466	1,400	1,372	1,280
<b>Total revenue<sup>1</sup></b>	<b>\$ 8,612</b>	<b>\$ 7,877</b>	<b>\$ 20,205</b>	<b>\$ 3,374</b>	<b>\$ 5,940</b>	<b>\$ 12,110</b>	<b>\$ 10,250</b>	<b>\$ 556</b>
<b>Net earnings from continuing operations<sup>2</sup></b>								
Total	\$ 1,005	\$ 1,031	\$ 743	\$ 936	\$ 569	\$ 614	\$ 478	\$ 986
Basic - per share	1.08	1.10	0.80	1.01	0.61	0.66	0.51	1.06
Diluted - per share	1.08	1.10	0.79	1.00	0.61	0.66	0.51	1.06
<b>Net earnings - Common Shareholders</b>								
Total	\$ 1,005	\$ 960	\$ 740	\$ 905	\$ 498	\$ 595	\$ 452	\$ 987
Basic - per share	1.08	1.03	0.79	0.97	0.53	0.64	0.48	1.06
Diluted - per share	1.08	1.03	0.79	0.97	0.53	0.64	0.48	1.06

<sup>1</sup> Total revenue and its components exclude revenue from discontinued operations related to Putnam Investments.

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

## Total revenue

Total revenue for the second quarter of 2024 was \$8,612 million and comprises insurance revenue of \$5,273 million (\$5,081 million for the same quarter last year), net investment income of \$2,409 million (\$2,061 million for the same quarter last year), changes in fair value through profit or loss on investment assets of negative \$864 million (changes of negative \$2,668 million for the same quarter last year) and fee and other income of \$1,794 million (\$1,466 million for the same quarter last year).

### Insurance revenue

Insurance revenue for the second quarter of 2024 was \$5,273 million, an increase of \$192 million compared to the same quarter last year, primarily due to favourable group experience in the U.K.

### Total net investment income

Total net investment income for the second quarter of 2024 was \$1,545 million, an increase of \$2,152 million compared to the same quarter last year. The changes in fair value in the second quarter of 2024 were a decrease of \$864 million compared to a decrease of \$2,668 million in the second quarter of 2023, primarily due to a smaller increase in bond yields across all geographies in the current period compared to last year. Net investment income in the second quarter of 2024 of \$2,409 million, which excludes changes in fair value through profit or loss, increased \$348 million compared to the same quarter last year, primary due to the same reason discussed for the changes in fair value results.

### Fee and other income

Fee and other income for the second quarter of 2024 was \$1,794 million, an increase of \$328 million compared to the same quarter last year, primarily due to additions of IPC and Value Partners and growth in administrative services only (ASO) fees in the Canada segment, higher assets under administration due to higher equity market levels, adjustments related to the Prudential acquisition and overall growth in the U.S. segment as well as higher management fees from higher average assets under administration in the Europe segment.

### Net earnings

Lifeco's consolidated net earnings attributable to common shareholders were \$1,005 million for the second quarter of 2024 compared to \$498 million for the same quarter last year. On a per share basis, this represents \$1.08 per common share (\$1.08 diluted) for the second quarter of 2024 compared to \$0.53 per common share (\$0.53 diluted) a year ago.

### Translation of Foreign Currency

Through its operating subsidiaries, Lifeco conducts business in multiple currencies. The four primary currencies are the Canadian dollar, the U.S. dollar, the British pound and the euro. Throughout this document, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period. The rates employed are:

Period ended	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023	Mar. 31 2023
<b>United States dollar</b>						
Balance sheet	\$ 1.37	\$ 1.35	\$ 1.33	\$ 1.36	\$ 1.32	\$ 1.35
Income and expenses	\$ 1.37	\$ 1.35	\$ 1.36	\$ 1.34	\$ 1.34	\$ 1.35
<b>British pound</b>						
Balance sheet	\$ 1.73	\$ 1.71	\$ 1.69	\$ 1.66	\$ 1.68	\$ 1.67
Income and expenses	\$ 1.73	\$ 1.71	\$ 1.69	\$ 1.70	\$ 1.68	\$ 1.64
<b>Euro</b>						
Balance sheet	\$ 1.47	\$ 1.46	\$ 1.46	\$ 1.44	\$ 1.45	\$ 1.47
Income and expenses	\$ 1.47	\$ 1.46	\$ 1.47	\$ 1.46	\$ 1.46	\$ 1.45

### Additional Information

Additional information relating to Lifeco, including Lifeco's most recent consolidated financial statements, CEO/CFO certification and Annual Information Form are available at [www.sedarplus.com](http://www.sedarplus.com).