MANAGEMENT'S DISCUSSION AND ANALYSIS

2025

FOR THE YEAR ENDED
December 31, 2025

GREAT-WEST
LIFECO

FOR THE YEAR ENDED DECEMBER 31, 2025
DATED: FEBRUARY 11, 2026

This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition, financial performance and cash flows of Great-West Lifeco Inc. (Lifeco or the Company) for the three and twelve months ended December 31, 2025 and includes a comparison to the corresponding periods in 2024 and to the Company's financial condition as at December 31, 2024. This MD&A provides an overall discussion, followed by analysis of the performance of Lifeco's reportable segments.

TABLE OF CONTENTS

Basis of Presentation and Summary of Accounting Policies
2 Cautionary Note Regarding Forward-Looking Information
3 Cautionary Note Regarding Non-GAAP Financial Measures and Ratios
4 Businesses of Lifeco

Consolidated Operating Results
6 Financial Highlights
7 Lifeco 2025 Highlights
9 Outlook for 2026
9 Base and Net Earnings
12 Taxes
16 Lifeco Lines of Business

Segmented Operating Results
19 United States
24 Canada
29 Europe
35 Capital and Risk Solutions
38 Corporate

Consolidated Financial Position
39 Assets
45 Liabilities
49 Lifeco Capital Structure

Liquidity and Capital Management
51 Capital Management and Adequacy
53 Liquidity
54 Cash Flows
55 Commitments/Contractual Obligations
56 Return on Equity
56 Ratings

Risk Management
57 Risk Management
75 Exposures and Sensitivities

Accounting Policies
78 Summary of Critical Accounting Estimates
84 International Financial Reporting Standards

Other Information
86 Summary of Earnings Reclassifications
87 Non-GAAP Financial Measures and Ratios
92 Glossary
96 Selected Annual Information
96 Disclosure Controls and Procedures
97 Internal Control Over Financial Reporting
97 Transactions with Related Parties
98 Quarterly Financial Information
99 Additional Information

The annual consolidated financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in compliance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IASB) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2025 which can be found under the Company's profile on the System for Electronic Data Analysis and Retrieval+ (SEDAR+) (www.sedarplus.com).

Summary of Key Changes to Lifeco's Disclosures for 2025

In early 2025, the Company updated its disclosures for 2025 to provide enhanced information to analysts, investors and other stakeholders. Accordingly, the Company has restated results for 2024 to conform with the updated segment and line of business classifications as noted below. There is no change to total Lifeco base or net earnings on a consolidated basis as a result of these reclassifications. See the "Summary of Earnings Reclassifications" section of this document for additional detail.

- **Separating Workplace Solutions** - Separated the Workplace Solutions line of business results into Retirement and Group Benefits to provide greater clarity on the distinct drivers of earnings growth for each business. Within the Group Benefits line of business, key metrics are presented separately for group insurance and administrative services only (ASO) products.
- **Reclassifying certain expenses, financing charges and related taxes** - Reclassified certain expenses, financing charges, and related taxes and other items that are not directly associated with the Company's operating segments to the Corporate segment. This change better reflects the performance of each operating segment on a standalone basis.

- **Reclassification of certain businesses or results previously attributed to the United States segment** - Reclassified results of PanAgora Asset Management (PanAgora), Franklin Templeton shareholdings, legacy insurance portfolios and guaranteed lifetime withdrawal benefit (GLWB) product previously attributed to the United States segment to the Corporate segment. As a result of this change, Empower's results reflect the activities of its core businesses.
- **More granular assets under administration (AUA) disclosures** - Enhanced disclosure of the components of total AUA including assets under management and advisement (AUMA) and assets under administration only (AUAO), the total of which is total client assets. Total client assets, when combined with other balance sheet assets, equals total AUA. This change provides greater visibility into the scale of wealth management and higher value-added solutions within the portfolio.
- **Introduced efficiency ratio** - This metric was introduced to provide greater transparency with respect to Lifeco's expense management discipline.
- **Restated segment return on equity (ROE)** - Adjusted previous segment returns on equity to reflect the changes in classification for segment base earnings allocations as well as an updated capital allocation methodology to track allocated capital required by each segment on a standalone basis.
- **Lifeco's updated lines of business** - Previously referred to as value drivers, are displayed by operating segment. See the 'Lines of Business' section of this document for descriptions and key metrics.

Cautionary Note Regarding Forward-Looking Information

From time to time, Lifeco makes written and/or oral forward-looking statements within the meaning of applicable securities laws, including in this MD&A. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "achieve", "ambition", "anticipate", "believe", "could", "estimate", "expect", "initiatives", "intend", "may", "objective", "opportunity", "plan", "potential", "project", "target", "will" and other similar expressions or negative versions of those words. Forward-looking information in this MD&A 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 earning 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), the timing and extent of expected transformation charges/impacts, expected expenditures or investments (including but not limited to investment in technology infrastructure and digital capabilities and solutions and investments in strategic partnerships), value creation and realization and growth opportunities, product and service innovation, expected dividend levels, expected cost reductions and savings, expected capital management activities and use of capital, the timing and extent of possible share repurchases, market position, estimates of risk sensitivities affecting capital adequacy ratios, estimates of financial risk sensitivities (including as a result of current market conditions), expected net plan inflows, expected credit experience, anticipated global economic conditions, potential impacts of catastrophe events, potential impacts of geopolitical events and conflicts and the impact of regulatory developments (including changes to laws and government policies) on the Company’s business strategy, growth objectives and capital.

Lifeco's medium-term financial objectives are forward-looking non-GAAP financial measures. Lifeco's ability to achieve those objectives depends on whether the Company is able to achieve segment earnings growth ambitions and other business growth objectives and on certain key assumptions, including: (i) 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; (ii) the achievement of the Company's segment base earnings growth ambitions; (iii) the achievement of enterprise and segment efficiency ambitions; (iv) capital levels and available and attractive options for capital deployment; (v) no significant changes in the level of the Company's regulatory capital requirements; (vi) no significant changes to the Company's effective income tax rate; (vii) no significant changes to the Company's number of shares outstanding; (viii) no material assumption changes and no material accounting standard changes. The Company's medium-term financial objectives do not reflect indirect effects of equity, interest rate and credit market movements, including the potential impacts of those movements on goodwill or the current valuation allowance on deferred tax assets as well as other items that may be non-operational in nature. Further, Lifeco's target base dividend payout ratio assumes that the Company's financial results and market conditions will enable us to maintain its payout ratio in the target range. Dividends on outstanding common shares of the Company are declared and paid at the sole discretion of the Company's board of directors. 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.

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, wealth and retirement solutions industries. They are not guarantees of future performance, and 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 in 2026, management has assumed that the performance of equity, interest rate and credit markets during the relevant period is consistent with management's expectations, which take into account current market information and assume no credit impairments, and further that actual sales, client retention and conversion rates, customer behaviour (including contributions, redemptions, withdrawals and lapse rates), expense levels, and mix of business at Empower are consistent with management's estimates. With respect to possible share repurchases, the amount and timing of actual repurchases will depend on the earnings, cash requirements and financial condition of the Company, market conditions, our ability to effect the repurchases on a prudent basis, capital requirements, applicable law and regulations (including applicable securities laws), and other factors deemed relevant by the Company, and may be subject to regulatory approval and/or conditions. In all cases, whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the ability to integrate and leverage acquisitions and achieve anticipated benefits and synergies, the achievement of expense synergies and client retention targets from the acquisition of the Prudential retirement business, the Company's ability to execute strategic plans and adapt or recalibrate these plans as needed, the Company's reputation, business competition, assumptions around sales, pricing, fee rates, customer behaviour (including contributions, redemptions, withdrawals and lapse rates), mortality and morbidity experience, expense levels, reinsurance arrangements, global equity and capital markets (including continued access to equity and debt markets and credit instruments on economically feasible terms), geopolitical tensions and related economic impacts, interest and foreign exchange rates, inflation levels, liquidity requirements, investment values and asset breakdowns, hedging activities, financial condition of industry sectors and individual issuers that comprise part of the Company's investment portfolio, credit ratings, taxes, impairments of goodwill and other intangible assets, technological changes, including the use of emerging technologies, such as artificial intelligence (AI), in our business, 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 above list is not exhaustive, and there may be other factors listed in other filings with securities regulators, including those set out in the "Risk Management" and "Summary of Critical Accounting Estimates" sections of this MD&A and in the Company's annual information form dated February 11, 2026 under "Risk Factors". These, along with other filings, are available for review at www.sedarplus.com. The reader is 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.

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 (loss) - pre-tax", "base earnings: insurance service result", "base earnings: net investment result", "assets under management or advisement", "assets under administration", "client assets", "non-par base operating and administration expenses", and "run-rate insurance results". 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", "base capital generation", "cost of management ratio", "efficiency ratio", "effective income tax rate – base earnings – common shareholders", "financial leverage ratio" and "pre-tax base operating margin". 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.

Overview

Lifeco is a financial services holding company focused on building stronger, more inclusive and financially secure futures. Together the Company provides wealth, retirement, group benefits and insurance and risk solutions to over 40 million customer relationships. As of December 31, 2025, Lifeco's total client assets[1] exceeded $3.3 trillion.

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

Businesses of Lifeco

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

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

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

The Europe segment is comprised of four distinct lines of business: Retirement, Wealth, Group Benefits and Insurance & Annuities, and serves customers in the United Kingdom (U.K.), Ireland and Germany, offering individual and group protection and wealth management products, including payout annuity products, equity release mortgages, pensions and investments products. The Company operates under the Canada Life brand in the U.K. and Germany and under the Irish Life brand in Ireland along with other acquired brands within the broker market in Ireland. Products and services are distributed through a diverse array of distribution channels optimized for each country.

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

The Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company including: certain overhead expenses, earnings on surplus, financing charges and related taxes not directly associated with the operations of the major business units of the Company; the results of PanAgora; dividend income from shareholdings in Franklin Templeton; and the results of the U.S. insurance portfolio including a retained block of life insurance, predominately participating policies, which are now administered by Protective Life, as well as a closed life retrocession block and GLWB products.

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

Execution Priorities

Lifeco is guided by four execution priorities in pursuit of its strategy and ambition. These priorities reinforce the Company's unwavering focus on its customers, the need to be constantly innovating by investing in new digital and AI-enabled solutions, accelerating operational efficiency to constantly improve performance, and maintaining a culture that enables growth by supporting its employees.

Lifeco successfully executed on its strategies in 2025:

Strengthened Wealth platform across markets

- Empower Wealth surpassed US$100 billion of client assets
- Canada acquires De Thomas Wealth and makes further progress on dealer integrations
- Record retail flows in Europe

Continued expansion of Empower Workplace offering:

- Launched private markets partnerships
- Expanded consumer-directed health options
- Broadened suite of stock plan administration services

Accelerated AI across the enterprise:

- Launched CaLi in Canada to better serve Workplace plan members
- Irish Life's CARA has revolutionized claims process

Continued streamlining of operations:

- Realized over $1 billion of capital benefits from optimization efforts
- CRS no longer writing new U.S. traditional life reinsurance

Consolidated Operating Results

Selected consolidated financial information

(in Canadian $ millions, except per share amounts)	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024
Base earnings[1]	$ 1,245	$ 1,115	$ 4,649	$ 4,192
Net earnings from continuing operations[2]	1,048	1,116	3,960	4,011
Net earnings - common shareholders	1,048	1,116	3,960	3,940
Per common share				
Basic:				
Base earnings[3]	1.36	1.20	5.03	4.50
Net earnings from continuing operations	1.15	1.20	4.29	4.30
Net earnings	1.15	1.20	4.29	4.23
Dividends paid	0.610	0.555	2.440	2.220
Base dividend payout ratio[3]	44.9 %	46.3 %	48.5 %	49.3 %
Dividend payout ratio[2]	53.0 %	46.3 %	56.9 %	52.5 %
Book value per common share[2]	$ 28.07	$ 27.17		
Efficiency ratio[3]	55.6 %	56.7 %		
Base return on equity[3]	18.2 %	17.5 %		
Return on equity - continuing operations[2]	15.5 %	16.7 %		
Financial leverage ratio[4]	27.6 %	28.8 %		
Total assets per financial statements	$ 862,828	$ 802,163		
Total assets under management or advisement[1]	1,136,256	1,006,384		
Total assets under administration only[2]	2,181,321	2,026,945		
Total client assets[1]	3,317,577	3,033,329		
Total assets under administration[1]	3,548,965	3,266,298		
Total contractual service margin (net of reinsurance contracts held)	13,530	13,368		
Total equity	33,003	32,654		
Canada Life Assurance Company consolidated Life Insurance Capital Adequacy Test (LICAT) Ratio[5]	128 %	130%		

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

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

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

4 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.

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

Lifeco 2025 Highlights

Financial Performance

- For the twelve months ended December 31, 2025, base earnings of $4,649 million ($5.03 per common share) compared to $4,192 million ($4.50 per common share) a year ago, an increase of 11%, reflecting strong business growth in all segments and positive impacts of favourable markets in 2025.
- For the twelve months ended December 31, 2025, net earnings from continuing operations of $3,960 million ($4.29 per common share) compared to $4,011 million ($4.30 per common share) a year ago, a decrease of 1%, was driven by growth in base earnings and less unfavourable changes in assumption changes and management actions. This was offset by weaker market experience relative to expectations and higher negative business transformation and other impacts.
- For the twelve months ended December 31, 2025, Lifeco’s combined quarterly dividends paid to common shareholders increased by 9.9% to $2.44 per share.
- The Company maintained its strong capital position as evidenced by a LICAT Ratio at December 31, 2025 of 128% for Canada Life, Lifeco’s major operating subsidiary, which exceeded the OSFI Supervisory Target Total Ratio of 100%, and Supervisory Minimum Total Ratio of 90%.
- The Company’s financial leverage ratio at December 31, 2025 was 28% compared to 29% at the end of 2024. This reduction is primarily due to repayment of debentures and growth in equity.
- The Company's efficiency ratio for the fourth quarter of 2025 was 55.6% compared to 56.7% in the same quarter last year. The improvement in Lifeco's efficiency ratio was the result of base earnings growing faster than the closely managed operating expenses.
- The Company's total client assets at December 31, 2025 were $3.3 trillion compared to $3.0 trillion at the end of 2024, primarily due to the impact of market movement, partially offset by the impact of currency movements and net outflows.
- Between 2025 to 2027, Lifeco plans to incur an estimated $250 million to $300 million of post-tax restructuring costs, through investment in modernized technology platforms, and retiring legacy systems as well as enhancing productivity through increased automation and leveraging a global workplace. These restructuring costs are a subset of business transformation and other costs excluded from base earnings. In 2025, the Company incurred or provisioned for a net of $260 million post-tax of business transformation and other costs, of which $73 million post-tax was recorded in the fourth quarter.
- For the twelve months ended December 31, 2025, the Company repurchased and subsequently cancelled approximately 28.4 million common shares under its 2025 NCIB at an average cost per share of $57.15.

Medium-Term Financial Objectives

The Company measures performance against its medium-term financial objectives, with medium-term defined as 3 to 5 years. The Company updated its financial performance ambitions by updating its medium-term financial objectives effective January 1, 2025 as follows:

- Increased its base return on equity (ROE) objective to 19%+ from 16-17%, and
- Introduced a new base capital generation objective of 80%+.

The Company aims to create value through disciplined capital deployment to achieve, over the medium-term, base EPS growth, base return on equity (ROE) growth and strong cash generation.

Medium-Term Financial Objectives	1-Year Base[1]	3-Year Base[1,2]	5-Year Base[1,2]
8-10% base EPS[1] growth per annum	12%	12% CAGR	12% CAGR
19% base ROE[1,3] (IFRS 17)	18%	17% average	17% average[3]
Target dividend payout ratio 45-55% of base earnings[1]	49%	50% average	51% average
80%+ base capital generation[1]	80%+	n/a	n/a

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

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

3 This is the 4-year average base ROE under IFRS 17.

The Company stated its objective to achieve double-digit base earnings growth in Empower in 2025. The Empower base earnings growth for the twelve months ended December 31, 2025 was 12%.

Macroenvironmental Risks

Many factors contribute to the economic uncertainty in the geographies in which the Company operates and to the elevated volatility of global financial markets. Elevated global financial market volatility is due, in part, to certain geopolitical conflicts, trade policy and fiscal policy developments, which the Company actively monitors. Central banks are weighing these factors in consideration of interest rate decisions in many of the countries in which the Company operates. The outlook for financial and real estate markets over the short and medium-term remains uncertain and the Company actively monitors events and information globally.

The Company's strategies are resilient and flexible, positioning it to navigate current market conditions and continue to identify and pursue opportunities, including organic growth and acquisition activities, while supporting customers and employees in an evolving environment.

Refer to the Risk Management section in this document for more details.

Outlook for 2026

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

Lifeco is continuing to focus on its core strategies by:

- delivering financial security and wellness through the workplace;
- providing advice-centered wealth management;
- delivering strong investment and asset management, and;
- leveraging risk and capital management expertise.

The Company intends to invest strategically, both organically and through acquisitions, to drive growth, productivity and operational resilience while maintaining strong risk and expense discipline, to deliver sustainable long-term value to its customers and shareholders.

Lifeco's expectations over the medium term include:

- positioning to deliver base earnings growth of 8-10% in the medium-term;
- remaining on track to generate 70%+ of base earnings from capital-light businesses and driving base ROE in excess of 19%;
- flexibility to execute on strategic opportunities given the Company's robust capital position;
- delivering strong shareholder returns through:
  - Share buybacks continuing in 2026 under renewed NCIB;
  - Increasing quarterly dividend 10% to $0.67 per share

Lifeco also expects Empower to deliver double-digit base earnings growth in 2026.

Refer to the Segmented Operating Results section of this MD&A for greater discussion of the 2026 outlook.

Base and Net Earnings

Consolidated base earnings and net earnings of Lifeco include the base earnings and net earnings of Empower, Canada Life (and its operating subsidiaries) and the Company's Corporate operating results (including PanAgora). Net earnings for the twelve months ended December 31, 2024 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 further details on restated earnings for the three and twelve months ended December 31, 2024, refer to the "Summary of Earnings Reclassifications" section of this document.

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]				
United States	$ 440	$ 381	$ 1,582	$ 1,408
Canada	400	362	1,462	1,418
Europe	256	260	1,023	946
Capital and Risk Solutions	258	232	965	856
Corporate	(109)	(120)	(383)	(436)
Lifeco base earnings[1]	$ 1,245	$ 1,115	$ 4,649	$ 4,192
Items excluded from base earnings				
Market experience relative to expectations[2]	$ (61)	$ 38	$ (216)	$ 214
Assumption changes and management actions[2]	(27)	16	(87)	(149)
Business transformation and other impacts	(73)	(30)	(260)	(112)
Amortization of acquisition-related finite life intangibles	(36)	(37)	(148)	(148)
Tax legislative changes and other tax impacts	—	14	22	14
Items excluded from Lifeco base earnings	$ (197)	$ 1	$ (689)	$ (181)
Net earnings (loss) from continuing operations[2]				
United States	$ 417	$ 333	$ 1,436	$ 1,229
Canada	425	377	1,464	1,640
Europe	128	339	609	930
Capital and Risk Solutions	203	203	861	656
Corporate	(125)	(136)	(410)	(444)
Lifeco net earnings from continuing operations[2]	$ 1,048	$ 1,116	$ 3,960	$ 4,011
Net earnings (loss) from discontinued operations	—	—	—	(115)
Net gain from disposal of discontinued operations	—	—	—	44
Lifeco net earnings - common shareholders	$ 1,048	$ 1,116	$ 3,960	$ 3,940

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

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

Base Earnings

Base earnings for the fourth quarter of 2025 of $1,245 million ($1.36 per common share) increased by $130 million or 12% from $1,115 million ($1.20 per common share) a year ago. The results include:

- Higher U.S. segment base earnings from higher asset levels due to higher equity markets in Retirement and Wealth lines of business as well as favourable tax benefits in Retirement line of business, and higher spread income associated with higher volumes in the Wealth line of business, partially offset by an increase in operating expenses to support growth;
- Higher Canada segment base earnings reflecting improved experience in Group Benefits and Individual Insurance, and higher fee income due to higher assets resulting from market appreciation;
- Higher Capital and Risk Solutions base earnings from new business growth and modest unfavourable insurance experience as a result of fourth quarter seasonality and the benefit of a diversified portfolio; and
- Lower Corporate base loss driven by the settlement of outstanding tax matters from prior years, partially offset by higher corporate shared service expenses.

For the twelve months ended December 31, 2025, Lifeco's base earnings were $4,649 million ($5.03 per common share) compared to $4,192 million ($4.50 per common share) a year ago. The increase was primarily due to:

- Higher U.S. segment base earnings from the same reasons discussed for the in-quarter results, partially offset by higher negative credit related impacts;
- Higher Canada segment base earnings reflecting higher Group Benefits earnings from favourable long-term disability experience, higher Retirement earnings from asset growth driven by market appreciation, and changes in certain tax estimates, partially offset by lower earnings on surplus;
- Higher Europe segment base earnings driven by higher Group Benefits earnings from favourable experience in the U.K. and Ireland, higher Wealth earnings from higher fee income driven by client assets growth, and positive impact of currency movements across all lines of business, partially offset by lower earnings on surplus;
- Higher CRS segment base earnings from the same reasons discussed for the in-quarter results; and
- Lower Corporate base loss driven by the settlement of outstanding tax matters, changes in prior year tax estimates and higher earnings on surplus, partially offset by higher debt financing and corporate shared service expenses.

Net Earnings

Lifeco's net earnings from continuing operations for the three months ended December 31, 2025 of $1,048 million ($1.15 per common share) decreased by $68 million or 6% compared to $1,116 million ($1.20 per common share) for the same period a year ago. The decrease was primarily due to higher base earnings and the net impacts of the following items excluded from base earnings:

- Lower market experience relative to expectations which primarily reflects the impact of changes in interest rates in Europe and Canada, partially offset by higher private equity returns in Canada;
- Unfavourable impact of assumption changes and management actions. Refer to the "Assumption Changes and Management Actions" section of this document for additional details; and
- Higher negative business transformation impacts, primarily in Europe.

For the twelve months ended December 31, 2025, Lifeco's net earnings from continuing operations were $3,960 million ($4.29 per common share) compared to $4,011 million ($4.30 per common share) a year ago. The decrease was primarily due to higher base earnings and the net impact of the following items excluded from base earnings:

- Lower market experience relative to expectations impacts primarily due to interest rates and equity markets;
- Higher negative business transformation and other impacts, driven by a restructuring provision recorded in 2025 primarily in Canada and Europe; and
- Partially offset by less unfavourable changes in assumption changes and management actions.

The results from discontinued operations for the twelve months ended December 31, 2024, included a net loss of $115 million as well as a $44 million final gain on sale.

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:

	As at or for the three months ended		As at or for the twelve months ended	
	Dec. 31 2025	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024
Income and expenses				
United States dollar	$ 1.39	$ 1.40	$ 1.40	$ 1.37
British pound	$ 1.85	$ 1.79	$ 1.84	$ 1.75
Euro	$ 1.62	$ 1.49	$ 1.58	$ 1.48
Balance sheet				
United States dollar	$ 1.37	$ 1.44	$ 1.37	$ 1.44
British pound	$ 1.85	$ 1.80	$ 1.85	$ 1.80
Euro	$ 1.61	$ 1.49	$ 1.61	$ 1.49

The overall impact of currency movement for the three and twelve months ended December 31, 2025 compared to translation rates a year ago are summarized below:

	December 31, 2025 vs December 31, 2024	
	For the three months ended	**For the twelve months ended**
Base Earnings	***Increase*** of $16 million	***Increase*** of $110 million
Net Earnings	***Increase*** of $9 million	***Increase*** of $69 million

The movements in end-of-period exchange rates impacting the translation of foreign operations, including related hedging activities, resulted in post-tax unrealized foreign exchange losses of $288 million in-quarter ($452 million net unrealized loss year-to-date) recorded in other comprehensive income (OCI).

Credit Markets

Credit experience impacts on net earnings can arise from:

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

Credit markets impact on base earnings

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024
United States	$ (21)	$ (17)	$ (134)	$ (57)
Canada	1	3	(6)	2
Europe	1	(2)	6	(12)
Capital and Risk Solutions	—	1	(2)	(3)
Total	$ (19)	$ (15)	$ (136)	$ (70)

In the fourth quarter of 2025, the Company experienced net negative $19 million of credit-related experience in net investment result compared to a net negative impact of $15 million in the same quarter last year, primarily due to more unfavourable credit charges on mortgage loans in the U.S. segment.

For the twelve months ended December 31, 2025, the Company experienced net negative $136 million of credit-related experience in net investment result compared to a net negative impact of $70 million in the same period last year, primarily due to more unfavourable credit charges on mortgage loans and bonds in the U.S. Segment.

Taxes

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

Effective Income Tax Rates	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024
Base earnings - common shareholders[1]	13.5 %	15.6 %	14.7 %	17.2 %
Net earnings - common shareholders	11.8 %	15.3 %	12.8 %	16.5 %
Net earnings - total Lifeco	12.2 %	15.0 %	11.4 %	14.8 %

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

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

The effective income tax rate varies from period to period as a result of changes in the jurisdictional mix of earnings and movements in non-taxable investment income. It is also affected by other items such as provision-to-return adjustments, tax rate changes, the recognition of tax credits and updates to tax estimates, including deferred tax asset recoverability and uncertain tax position estimates.

Refer to note 29 of the Company's annual consolidated financial statements for the year ended December 31, 2025 for further details.

Items Excluded from Base Earnings

Market Experience Relative to Expectations

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024
Public equity market impacts	$ (16)	$ (1)	$ (7)	$ 48
Real estate and other non-fixed income asset impacts	(2)	(45)	(128)	(140)
Interest rate and other impacts	(43)	84	(81)	306
Total market experience relative to expectations	$ (61)	$ 38	$ (216)	$ 214

Market experience relative to expectations, which are reflected in the net investment result of the Company's consolidated statement of earnings, negatively impacted net earnings by $61 million in the fourth quarter of 2025, compared to a positive impact of $38 million in the fourth quarter of 2024. The in-quarter impact was primarily due to:

- negative interest rate and other impacts from liabilities increasing by more than their supporting assets in the U.K. in the Europe segment and in the Capital and Risk Solutions segment, due to decreases in risk-free rates, partially offset by positive interest rate and other impacts in the Canada segment; and
- negative real estate and other non-fixed income asset impacts from lower returns than expected on real estate assets in the Canada segment and in the U.K. in the Europe segment, largely offset by favourable private equity performance in the Canada segment.

For the twelve months ended December 31, 2025, market experience relative to expectations negatively impacted net earnings by $216 million which compares unfavourably to a positive impact of $214 million for the same period in 2024. The negative impact in 2025 was primarily due to:

- negative real estate and other non-fixed income asset impacts from lower returns than expected on real estate assets, partially offset by higher returns than expected on other non-fixed income assets;
- negative interest rate and other impacts in the Europe and Capital and Risk Solutions segments, partially offset by positive interest rate and other impacts in the Canada segment.

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 lead to a sensitivity to interest rate movements in net earnings due to the Company’s asset liability management strategies and accounting policy choices. These choices include consideration of the impact on regulatory capital, which can result in increased net earnings sensitivity, but decreased capital sensitivity. For example, the Company’s asset liability management strategy uses public equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in net earnings. The classification of financial assets, which are valued at amortized cost and held in the general fund assets supporting liabilities (for example, mortgage assets in the U.K.), also contributes to interest rate exposure in net earnings. Furthermore, sensitivities to interest rate movements vary depending upon the geography where the changes occur and the level of change in interest rates by term.

For a further description of the Company's sensitivity to equity market and interest rate fluctuations, including sensitivity disclosures as a result of current market conditions, refer to the "Risk Management" section of this document as well as note 7 of the Company's annual consolidated financial statements for the year ended December 31, 2025.

Assumption Changes and Management Actions

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

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

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

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

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

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

The following table shows the net earnings and CSM impacts of assumption changes and management actions on non-participating business, excluding segregated funds, for the three months ended December 31, 2025 and the same quarter in the prior year.

Assumptions	CSM impacts[1]	Net Earnings Impact	Description
For the three months ended December 31, 2025			
Longevity	$ —	$ —	
Mortality	3	—	Updates to mortality assumptions in the UK in the Europe segment
Policyholder behaviour	—	—	
Other	(9)	(27)	Other updates, including a management action related to a legacy insurance portfolio in the Capital and Risk Solutions segment
Total	$ (6)	$ (27)	
For the three months ended December 31, 2024			
Total	$ (23)	$ 16	

1 Excludes participating and segregated fund policies.

The following table shows the net earnings and CSM impacts of assumption changes and management actions on non-participating business, excluding segregated funds, for the twelve months ended December 31, 2025 and in the prior year.

Assumptions	CSM impacts[1]	Net earnings impact (post-tax)	Description
For the twelve months ended December 31, 2025			
Longevity	$ 30	$ 10	Updates to reflect recent longevity experience, primarily on portfolios in the Capital and Risk Solutions segment and the Europe segment
Mortality	(21)	(21)	Updates to reflect recent mortality experience on the U.S. life reinsurance portfolio in the Capital and Risk Solutions segment and recent mortality experience and trends in the Canada segment
Policyholder behaviour	(184)	35	Updates to lapse assumptions on universal life insurance in the Canada segment
Other	25	(111)	Other updates, including financial and expense assumptions
Total	$ (150)	$ (87)	
For the twelve months ended December 31, 2024			
Total	$ 252	$ (149)	

1 Excludes participating and segregated fund policies.

Discussion on CSM and earnings impacts and the table below relate to non-participating business, excluding segregated funds except where noted relating to segregated funds business.

For the three months ended December 31, 2025, assumption changes and management actions resulted in:

- a decrease in CSM of $6 million;
- a negative earnings impact of $27 million; and
- an increase in CSM of $5 million on segregated fund business.

In the Canada segment:

- net earnings were positively impacted by $1 million, primarily due to model refinements.

In the Europe segment:

- CSM was negatively impacted by $6 million, primarily due to model refinements;
- net earnings were negatively impacted by $8 million, primarily due to financial model refinements; and
- CSM was also positively impacted by $5 million on segregated fund business, primarily due to model refinements.

In the Capital and Risk Solutions segment:

- net earnings were negatively impacted by $34 million, primarily due to a management action related to a legacy insurance portfolio.

In the U.S. segment:

- net earnings were positively impacted by $14 million, primarily due to a financial model refinement.

The following table summarizes the impact of assumption changes and management actions for the three and twelve months ended December 31, 2025 by segment:

	For the three months ended Dec. 31, 2025						For the three months ended Dec. 31, 2024
	U.S.	Canada	Europe	CRS	Corporate	Total	
CSM Impacts	$ —	$ —	$ (6)	$ —	$ —	$ (6)	$ (23)
Net Earnings Impacts	14	1	(8)	(34)	—	(27)	16
CSM Impacts (Segregated Fund Business)	—	—	5	—	—	5	(290)

	For the twelve months ended Dec. 31, 2025						For the twelve months ended Dec. 31, 2024
	U.S.	Canada	Europe	CRS	Corporate	Total	
CSM Impacts	$ 8	$ (161)	$ (18)	$ 21	$ —	$ (150)	$ 252
Net Earnings Impacts	14	33	(24)	(57)	(53)	(87)	(149)
CSM Impacts (Segregated Fund Business)	(33)	(107)	20	—	—	(120)	(278)

Other Items Excluded from Base Earnings

For the fourth quarter of 2025, other items excluded from base earnings were negative $109 million compared to negative $53 million for the same period a year ago. Business transformation and other costs increased by $43 million compared to the same period in the prior year, primarily due to higher business transformation and other impacts, driven by a restructuring provision recorded in the Europe segment in the current quarter.

For the twelve months ended December 31, 2025, other items excluded from base earnings were negative $386 million compared to negative $246 million a year ago. Business transformation and other costs increased by $148 million compared to the same period in the prior year, primarily due to the aforementioned restructuring costs.

Lifeco Lines of Business

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 "lines of business". The Company focuses on four key lines of business that extend across its reportable operating segments: Retirement, Wealth, Group Benefits and Insurance & Risk Solutions.

The table below demonstrates the relative size, based on base earnings, of each line of business by operating segment. The table excludes the Corporate segment and earnings on surplus and other reconciling items.

In-quarter base earnings[1] ($ millions)	Operating Segments			
Lines of Business	**U.S.**	**Canada**	**Europe**	**Capital and Risk Solutions**
Retirement	$312	$46	$10	
Wealth	$92	$65	$66	
Group Benefits		$169	$54	
Insurance & Risk Solutions		$77	$91	$238

[1] Earnings on surplus, corporate expenses & other as well as Corporate segment results are not included.

Lifeco Base Earnings by Lines of Business and Net Earnings from Continuing Operations

The information in the following table summarizes base earnings by the Company's lines of business. Additional commentary regarding base earnings by lines of business is included, as applicable, in the "Segmented Operating Results" section of this document.

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]				
Retirement	$ 368	$ 330	$ 1,349	$ 1,209
Wealth	223	183	772	659
Group Benefits	223	225	934	819
Insurance & Risk Solutions	406	377	1,524	1,433
Earnings on surplus	145	143	541	603
Corporate expenses & other	(120)	(143)	(471)	(531)
Lifeco base earnings[1]	$ 1,245	$ 1,115	$ 4,649	$ 4,192
Lifeco net earnings from continuing operations[2]	$ 1,048	$ 1,116	$ 3,960	$ 4,011

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

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

Retirement

The Company has built millions of trusted relationships with customers through the Retirement line of business. These relationships are based on the consistent delivery of retirement solutions that are delivered at scale through employer sponsored plans as a core part of the business. The Company is building lifetime customer relationships through a focus on deepening the value of advice and product solutions to better meet customers' retirement needs.

Selected Financial Results

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]	$ 368	$ 330	$ 1,349	$ 1,209
Retirement net asset flows[2]	(23,532)	(11,475)	(22,941)	(43,616)
Net fee and spread income[2]	1,214	1,155	4,670	4,413
Total client assets[1]	2,716,077	2,513,447		
Average client assets[2]	2,750,272	2,475,801		

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

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

Wealth

The Company, with a broad global network of advisor relationships, is delivering targeted and sophisticated solutions supported by personalized advice to meet customers' personal wealth needs. The approach is enabled through investments in technology platforms and in managed solutions to help advisors continue to meet the evolving needs of customers.

Selected Financial Results

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]	$ 223	$ 183	$ 772	$ 659
Wealth net asset flows[2]	6,713	5,262	16,367	19,251
Net fee and spread income[2]	704	630	2,622	2,340
Total client assets[1]	541,506	471,695		
Average client assets[2]	534,912	463,428		
CSM, segregated fund products	3,175	3,268		

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

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

Group Benefits

The Company has built millions of trusted relationships with customers through the Group Benefits line of business. These relationships are based on health and wellness benefits that are delivered at scale through employer sponsored plans as a core part of the business. The Company offers benefit solutions to small, medium and large sized plan sponsors including a wide range of traditional and specialty group products designed to meet plan members' benefits needs.

Selected Financial Results

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]	$ 223	$ 225	$ 934	$ 819
Sales - Group Benefits (Insured)[2]	176	165	722	611
Sales - Group Benefits (ASO & Other)[2]	19	297	352	614
Fee and other income (ASO & Other)	111	114	425	443
In-force premiums (Insured)[2]	10,554	10,066		

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

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

Insurance & Risk Solutions

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

Selected Financial Results

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]	$ 406	$ 377	$ 1,524	$ 1,433
Sales - Insurance[2]	247	263	1,095	893
Sales - Annuities[2]	2,093	396	3,977	4,051
New business non-participating CSM, excluding segregated fund products	150	269	407	658
Non-participating CSM, excluding segregated fund products	6,869	6,845		

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

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

Segmented Operating Results

The segmented operating results of Lifeco, including the comparative figures, are presented on an IFRS basis. Consolidated operating results for Lifeco comprise the results of Empower, Canada Life (and its operating subsidiaries), Lifeco's corporate as well as results from Putnam Investments, reported as discontinued operations in 2024. The following sections analyze the performance of Lifeco's four reportable segments: United States, Canada, 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. Please refer to the Foreign Currency section in this document for more details.

United States

The United States segment comprises two distinct lines of business: Empower Workplace Solutions and Empower Personal Wealth. The segment’s operating results include results for Empower and an allocation of a portion of Lifeco’s Corporate results. The United States segment also includes the results of Putnam Investments classified as discontinued operations in 2024.

Retirement

Business Profile	Empower Workplace Solution offers: • Employer-sponsored defined contribution, defined benefit and non-qualified plans as well as an array of financial wellness programs • Administrative and recordkeeping services, including enrollment, communication strategies and education programs • Fund management, advisory services and investment options including the first ever zero-fee S&P 500® Index Separate Account and expanded access to private equity, private credit, and private real estate investment options within defined contribution plans • Workplace advice solutions leveraging advanced data analytics and technology through personalized dashboards, investment strategies and progress tracking • Empower Stock Plan Services (ESPS) offers equity compensation administration for public and private companies with an integrated experience for executives, participants, and employers • A fully integrated consumer-directed healthcare suite that brings health and wealth benefits together on one platform
Market Position	• Second largest defined contribution service provider in the U.S.[1] by participants, providing services for over 19 million participant accounts and more than 89,000 plans[2], with clients in all fifty states, Puerto Rico and Guam • Multiple awards from the NAPA Advisors’ Choice Awards as an industry leader across various market segments for excellence in service and innovation[3] • Market leader in service to small and mid-sized organizations (plans under $50 million)[3] • Provides services to government plans in all fifty states, including administration or investment services for 28 state plans
Distribution	• Retirement services products distributed to plan sponsors through brokers, consultants, advisors, third-party administrators and banks, ensuring broad accessibility • Retirement plan sponsors are supported by Empower's dedicated sales, account management and client service professionals • Empower offers private label recordkeeping and administrative services distributed through institutional clients
Competitive Conditions	The defined contribution industry continues to evolve with meaningful transformation shaped by sustained fee pressure, increasing regulatory complexity, and heightened expectations from plan sponsors and participants for more personalized and digitally sophisticated services. These evolving competitive dynamics include: • Advances in AI, automation, and data-driven technology platforms; • Increasing importance of scale and operational efficiency; and • Rising expectations for participant engagement, integrated solutions, and enhanced service delivery. Competitors include other financial institutions that offer retirement plan recordkeeping, other retirement planning and employee benefit solutions. Within this environment, Empower Workplace Solutions continues to be well positioned with: • Strong brand recognition; • Operational synergies achieved from business acquisitions that enhance workflow automation and scalability; and • Use of technology and AI capabilities to drive efficiency and deepen customer engagement. These operational strengths enable the Company to compete effectively in a marketplace where innovation, service flexibility, and participant experience are critical drivers of success.

[1] 2025 PLANSPONSOR DC Recordkeeping Survey as of December 31, 2024.

[2] As of December 31, 2025.

[3] 2025 Advisors' Choice Top Recordkeepers. NAPA Advisors' Choice Awards 2025.

Wealth

Business Profile	Empower Personal Wealth offers a broad suite of financial solutions including: • Personalized advisory services; • Investment management; • A diverse array of investment options; • Individual retirement accounts (IRAs); • Taxable accounts; and • High-net-worth wealth management. Empower Personal Dashboard™ provides actionable financial insights, portfolio monitoring and planning and market trend information
Market Position	• Over $100 billion in average client assets • Individual wealth management provider with over 990,000 accounts • Top ranking apps[1] and digital technology with expert human advisory services for a hybrid financial planning approach • Multiple awards recognized by NAPA Advisors for excellence in digital tools and advisory support[2]

Distribution	• Multi-channel distribution approach through:
	  • In-plan offerings of Empower Personal Wealth services through the Empower Workplace Solutions platforms;
	  • Direct-to-consumer engagement through our digital platform; and
	  • Customized advisory services provided by Empower Advisors.
	• Integrated equity compensation planning services and compliance solutions for executives and individual clients enabled through the expanded Empower Stock Plan Services platform
	• More than 1,500 financial advisors, financial planners and specialists supporting clients with a broad range of financial services and digital tools

Competitive Conditions	Empower Personal Wealth launched in 2023 by combining Empower's legacy rollover and brokerage offerings with the capabilities and customers from past acquisitions and has maintained a compound annual growth rate of approximately 26% since its inception. The wealth management market continues to be intensely competitive due to: • Shifting client expectations • Ongoing fee pressure • Growing demand for more comprehensive and personalized financial solutions Competitors span a broad spectrum, including traditional financial institutions, hybrid and fully digital registered investment advisors, independent advisory firms, broker-dealers, mutual fund companies, insurance companies, and banks. While no single competitor dominates the industry, large established firms benefit from scale, brand recognition, and diversified service models, while newer and more specialized entrants emphasize streamlined digital experiences and tailored customer engagement. Within this competitive environment, Personal Wealth leverages the following: • Access to an existing client base through Empower Workplace Solutions • Ongoing technological enhancements to its wealth management offerings • Cross-segment business synergies that broaden services capabilities Consolidation across the industry is reshaping the competitive landscape, as larger players acquire smaller firms to broaden capabilities and enhance market share, alongside fintech providers introducing lower-cost and technology alternatives. Competition increasingly centers on the quality of advisory services, customer experience, financial planning sophistication, cost efficiency, differentiated digital tools, reputation management, and social media presence.

[1] The Best Budget Apps for 2026" January 2026. ©2014-2026 and TM, NerdWallet, Inc. All Rights Reserved

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

2025 Developments

- During the fourth quarter of 2025, the zero fee Empower S&P 500® Index Separate Account surpassed $10 billion in total assets since its launch earlier in the year, reflecting strong demand for low-cost, transparent retirement investment solutions. Empower continues to expand its investment solutions across key markets and integrated retirement and wealth platforms.

- During the third quarter of 2025, Empower Personal Wealth surpassed $100 billion in average client assets. Since its launch in 2023, the business has maintained a compound annual growth rate of approximately 26% and recorded a 50% year over year increase in net flows. This growth is supported through strategic acquisitions, as well as continued client adoption of the firm's digital financial tools and advisor-led services. Amid rising demand for wealth management services, Empower Personal Wealth is well positioned to capture market share arising from the intergenerational wealth transfer.

- During the second quarter of 2025, Empower announced a new investment option for retirement plan participants incorporating private market opportunities in equity, credit, and real estate into advised defined contribution retirement plans. The initiative was launched in collaboration with asset managers including Apollo, Franklin Templeton, Goldman Sachs, Neuberger Berman, PIMCO, Partners Group, and Sagard. The investments are included as part of Collective Investment Trust (CIT) offerings and are intended to provide plan participants with diversified investment options which were previously limited to institutional and high-net-worth investors. As of December 31, 2025, more than 200 Empower retirement plan sponsor clients had included private investments within their retirement platforms.

- During the first quarter of 2025, Empower announced a new consumer-directed healthcare (CDH) offering to help individuals manage their healthcare finances. Empower offers benefits such as health savings accounts (HSAs), flexible spending accounts (FSAs), health reimbursement arrangements (HRAs), voluntary employees' beneficiary association

plans (VEBAs), wellness incentives, lifestyle benefits, and more. Empower is working with Alegeus Technologies, LLC, to incorporate the integrated set of CDH benefits into Empower's digital platform under the Empower brand. With a track record of more than 25 years, Alegeus delivers consumer-directed benefit accounts for over 75,000 employers and more than 10 million participants.

Selected Financial Information

Base earnings and net earnings from continuing operations

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (US$)[1]				
Retirement	$ 224	$ 199	$ 816	$ 746
Wealth	67	47	211	167
Earnings on surplus	26	26	109	115
Base earnings (US$)[1]	$ 317	$ 272	$ 1,136	$ 1,028
Items excluded from base earnings (US$)	(17)	(35)	(105)	(132)
Net earnings from continuing operations (US$)[2]	$ 300	$ 237	$ 1,031	$ 896
Base earnings (C$)[1]	$ 440	$ 381	$ 1,582	$ 1,408
Net earnings from continuing operations (C$)[2]	$ 417	$ 333	$ 1,436	$ 1,229

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

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

Base earnings and net earnings from continuing operations

Base earnings of US$317 million increased by US$45 million compared to the same quarter last year, primarily due to:

- higher fee and spread income driven by higher asset levels from elevated equity markets and participant growth in both lines of business; and
- favourable tax adjustments in Retirement.

These increases were partially offset by an increase in operating expenses incurred to support the growth in both lines of business.

Net earnings from continuing operations for the fourth quarter of 2025 increased by US$63 million to US$300 million compared to the same quarter last year. Items excluded from base earnings were negative US$17 million for the fourth quarter of 2025 compared to negative US$35 million a year ago, primarily due to:

- the non-recurrence of guarantee assessment fees associated with an acquired business in the fourth quarter of 2024 recognized in Retirement; and
- model refinement in the current year, which was recognized in both lines of business.

These increases were partially offset by general restructuring costs and higher integration expenses.

For the twelve months ended December 31 2025, base earnings of US$1.1 billion increased by US$108 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results, partially offset by higher credit-related impacts on invested assets in both lines of business when compared to prior year.

For the twelve months ended December 31, 2025, net earnings from continuing operations increased by US$135 million to US$1.0 billion compared to last year. Items excluded from base earnings were negative US$105 million for the twelve months ended December 31, 2025 compared to negative US$132 million a year ago. This improvement was primarily due to:

- the non-recurrence of prior year Prudential integration and restructuring expenses;
- model refinement in the current year, which was recognized in both lines of business; and
- favourable tax adjustments recognized in the current year in Retirement.

These improvements were partially offset by higher guarantee assessment fees in the current year compared to the prior year.

Additional financial information

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Net asset flows - (US$)[1]				
Retirement	$ (16,932)	$ (8,344)	$ (16,808)	$ (32,866)
Wealth	3,395	3,050	12,479	8,313
Net asset flows - (US$)[1]	$ (13,537)	$ (5,294)	$ (4,329)	$ (24,553)
Net asset flows - (C$)[1]	$ (18,816)	$ (7,413)	$ (5,712)	$ (33,568)
Net fee and spread income (US$)[1]				
Retirement	$ 760	$ 722	$ 2,916	$ 2,816
Wealth	212	171	767	635
Net fee and spread income (US$)[1]	$ 972	$ 893	$ 3,683	$ 3,451
Net fee and spread income (C$)[1]	$ 1,351	$ 1,249	$ 5,133	$ 4,728
Assets under administration (US$)[2]				
Assets under management or advisement[2]	$ 416,521	$ 352,509		
Assets under administration only[1]	1,586,176	1,402,412		
Total client assets (US$)[2]	$ 2,002,697	$ 1,754,921		
Total assets under administration (US$)[2]	$ 2,037,186	$ 1,794,225		
Total assets under administration (C$)[2]	$ 2,790,945	$ 2,583,692		
Average client assets (US$)[1]				
Average client assets - Retirement	$ 1,890,253	$ 1,688,416		
Average client assets - Wealth	108,185	86,447		
Total average client assets (US$)[1]	$ 1,998,438	$ 1,774,863		
Total average client assets (C$)[1]	$ 2,777,829	$ 2,484,809		

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

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

Net asset flows

In the fourth quarter of 2025, net asset outflows were US$13.5 billion, compared to net asset outflows of US$5.3 billion for the same quarter last year, primarily due to:

- higher participant net redemptions in Retirement primarily driven by higher average account balances, predominantly due to market growth which have outpaced contributions; and
- higher large plan terminations in Retirement.

These outflows were partially offset by higher overall plan sales in Retirement.

For the twelve months ended December 31, 2025, net asset outflows were US$4.3 billion compared to net asset outflows of US$24.6 billion for the same period last year. The improvement was primarily due to:

- higher large plan sales and overall sales in Retirement in 2025;
- lower large plan terminations in Retirement in 2025 compared to 2024; and
- higher participant contributions in Retirement in 2025.

These improvements were partially offset by higher participant net redemptions in Retirement in 2025.

Large plan sales and terminations can be highly variable from period to period and tend to result in lower margins but nonetheless contribute to covering fixed overhead costs. The number of participants at the end of the fourth quarter of 2025 increased from the end of the fourth quarter of 2024 in both Retirement and Wealth.

Empower - Client Assets (US$)

	Dec. 31 2025	Dec. 31 2024 (Restated)
General account - fixed options	$ 63,690	$ 63,130
Segregated funds - variable options	170,958	149,990
Other assets under management and advisement[1]	181,873	139,389
Other assets under administration	1,586,176	1,402,412
Total	$ 2,002,697	$ 1,754,921

[1] At December 31, 2025, other assets under management and advisement included US$53 million in PanAgora managed funds (US$48 million at December 31, 2024).

Empower customer account values at December 31, 2025 of US$2.0 trillion increased by US$247.8 billion compared with December 31, 2024, primarily driven by higher market activity in the current year as well as the same reasons discussed for the twelve month ended results for net flows.

Outlook

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

Retirement

Empower Workplace Solutions is well positioned to capture meaningful growth opportunities as demand continues to expand across various plan types, company sizes, and market segments. In 2026, the Company anticipates increased capital investment to support this increase in demand across the broader industry and to support continued adoption of AI and other advanced technologies that are expected to continually reshape the financial services competitive landscape. These initiatives, including enhanced automation, optimized global workforce distribution, and streamlined processes, are expected to strengthen operational performance and support continued growth capacity. As the second-largest provider in the U.S. defined contribution market, Empower anticipates ongoing organic growth and remains attentive to consolidation trends that may create additional opportunities. The Company's ongoing commitment to technological and financial innovation, customer-focused service delivery, and operational excellence reinforces its competitive position and supports improved retirement outcomes for a diverse range of plan sponsors and participants.

Wealth

Empower Personal Wealth provides retail wealth management to individual investors through its suite of financial solutions including customized advisory services, IRAs, taxable account offerings, mass affluent and high-net-worth wealth management. In 2026, Empower Personal Wealth expects to continue to drive growth through a hybrid approach that integrates the expertise of financial advisors with sophisticated digital platforms. Active marketing efforts and an established advisor distribution network to promote the Empower brand will complement these initiatives. It will continue to focus on developing and expanding a broad range of product solutions, leveraging the Empower Personal Dashboard and Empower Advisors. Amid rising demand for personalized wealth management services, Empower Personal Wealth is well positioned to capture market share arising from the ongoing inter-generational transfer of wealth. Significant demographic shifts, including the transition of assets from older to younger generations, are expected to drive sustained growth in advisory and digital engagement opportunities. Empower's combination of scalable technology, financial planning, and personalized advisory solutions enables it to address evolving client expectations for integrated, goal focused wealth management.

Canada

The Canada segment comprises four distinct lines of business: Retirement, Wealth, Group Benefits and Insurance & Annuities. The segment includes the operating results of the Canadian businesses operated by Canada Life, together with an allocation of a portion of Lifeco's Corporate results.

Retirement

Business Profile	Group capital accumulation plans including:
	• Defined contribution pension plans
	• Group RRSPs, RESPs & TFSAs
	• Deferred profit sharing plans
	• Non-registered savings programs invested in:
	  • Segregated funds
	  • Guaranteed investment options
	  • Single company stock
	Retirement income plans including retirement income funds and life income funds
	Investment management services only plans; invested in: Segregated funds, Guaranteed investment options and Securities

Market Position	• Retirement plans to over 12,000 plan sponsors[2] • 19% market share of group capital accumulation plans[1]
Distribution	Group retirement and investment services products and services are distributed through brokers, consultants and financial security advisors. Sales and service support are provided by an integrated team of over 100 employees, located in various offices across the country.[2]
Competitive Conditions	The group capital accumulation plan market in Canada is very competitive and is mainly comprised of three large insurance carriers with significant market positions, a number of smaller companies operating nationally as well as some regional and niche competitors. The Company has a significant market share of 19%[2], which is supported by an extensive distribution network that has access to a wide range of products and services. This strong market share position is a distinct advantage for competing successfully in the Canadian group retirement market.

[1] As at December 31, 2024.

[2] As at December 31, 2025.

Wealth

Business Profile	**Savings and retirement income plans** • RRSPs, TFSAs, RESPs, RRIFs & LIFs • Non-registered savings programs Invested in: • Segregated funds & Mutual funds • Securities (various forms of managed programs) • Guaranteed investment options
Market Position	An industry leader with 24% market share of individual segregated fund assets[1]
Distribution	Wealth products and services are distributed through over 16,000 advisors[1]. Segregated fund products are distributed through diverse, complementary channels, including advisors with a direct contract with Canada Life, MGAs and national accounts. The Company participates in the MGA channel through Financial Horizons Group, distributing segregated fund products from across the industry. The Company also offers mutual funds and securities accounts through its dealers Investment Planning Counsel (IPC), Quadrus Investment Services, and LP Financial.
Competitive Conditions	The individual wealth management marketplace is very competitive. The Company's main competitors include mutual fund companies, insurance companies, banks, financial technology (Fintech) and investment advisors as well as other service and professional organizations. Competition focuses on ease of doing business through technology, service, variety of investment options, investment performance, product features, price (fees), compensation and financial strength. Individual Wealth Management's strong partnership with financial advisors has been enhanced through the acquisitions of IPC and Value Partners, providing important strategic advantages within the Canadian market.

[1] As of November 30, 2025.

Group Benefits

Business Profile	**Group Life and Health Benefits** • Life, disability & critical illness • Accidental death & dismemberment • Dental • Expatriate coverage • Extended health care **Group Creditor** • Life, disability, job loss & critical illness **Specialty Products and Services** • Individual health, life and critical illness offered through the Freedom Experience • Consult+™ • Teledoc Medical Experts™ • Contact™
Market Position	• Employee benefits to over 27,000 plan sponsors[2] • 23% market share for employee benefit plans[1] • Leading market share for creditor products with coverage provided to over 6 million plan members[2]
Distribution	• Group life and health benefits are distributed through brokers, consultants, third party administrators/payers and financial security advisors. Sales and service support are provided by an integrated team of over 600 employees, located in various offices across the country.[2] • Group creditor products and services are distributed primarily through large financial institutions and serviced through a dedicated sales and service organization.
Competitive Conditions	The group life and health benefits market in Canada is mainly comprised of three large group insurance carriers with significant market positions, a number of smaller companies operating nationally and several regional and niche competitors. The Company has a significant market share of 23%[2], which is supported by an extensive distribution network that has access to a wide range of products and services. This strong market share position is a distinct advantage for competing successfully in the Canadian group insurance market.

[1] As at December 31, 2024.

[2] As at December 31, 2025.

Insurance & Annuities

Business Profile	**Individual Life Insurance** • Term life, universal life & participating life **Living Benefits** • Disability & critical illness **Retirement Income Plans** • Payout annuities & deferred annuities
Market Position	• A leader in individual life insurance sales measured by new total premiums with over 12% market share[1] • A significant provider of individual disability and critical illness insurance with over 9% market share of new sales[1] • Largest open participating life insurance account in Canada, with more than $59 billion[3] in account value.
Distribution	Insurance and annuity products and services are distributed through 16,000 advisors[2] that are contracted with Canada Life, MGAs and national accounts, including IG Wealth Management, a member of the Power Corporation of Canada group of companies. The Company participates in the MGA channel through Financial Horizons Group, distributing products from across the industry.
Competitive Conditions	The individual insurance market remains highly competitive, with four major insurers accounting for the majority of new sales across Canada. Competition in the Canadian individual insurance market focuses on service, technology, product features, price, compensation and financial strength, as indicated by ratings issued by nationally recognized agencies. The Company's broad spectrum of strong distribution relationships provide important strategic advantages within the Canadian market.

[1] For the nine months ended September 30, 2025.

[2] As of November 30, 2025.

[3] As at December 31, 2024.

2025 Developments

- In December 2025, IPC acquired the wealth assets of De Thomas Wealth Management, an independent wealth firm. This acquisition reinforces IPC's long-term vision of becoming a premier destination for entrepreneurial advisors and supports IPC's broader vision to expand its footprint and continue providing advisors with the independence, tools, platforms, and support they need to deliver an exceptional client experience.
- The Company recorded a restructuring provision of $134 million during the second quarter of 2025. The restructuring is to support technology transformation, automation and overall efficiency initiatives for the Canada segment.

- On February 12, 2025, the Company introduced changes to drive growth and support advisors in individual insurance and wealth. Directly affiliated advisors will be transitioning to the managing general agent model for new individual insurance business. Advisors will be able to use the same process, support team and tools for all their new business. A single advisor support team across Financial Horizons Group and Quadrus Investment Services has been created under the new banner, Advice Canada.
- In January 2025, the Company officially launched the Canada Life Commitment, a service guarantee for Group Benefits and Retirement plan sponsors. The 2025 survey resulted in 88% of respondents being satisfied with Canada Life's service.
- Advancing digital capabilities and leveraging artificial intelligence to deliver superior customer and plan sponsor experience, including:
  - the launch of CaLi, Canada Life's first AI assistant to Retirement and Group Benefits plan members who are registered for My Canada Life at Work. Plan members can access CaLi to ask plan-specific questions and get instant support on their benefits, savings and other technical inquiries at any time;
  - the announcement of a partnership with RxFood to offer their clinical grade, AI-driven personalized nutrition app to all plan members;
  - the continued rollout of a new Disability Sponsor Portal, providing customers with real-time access to detailed disability claim information; and
  - the introduction of enhanced Retirement mobile app capabilities.

Selected Financial Information

Base earnings and net earnings

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]				
Retirement	$ 46	$ 43	$ 176	$ 155
Wealth	65	68	237	246
Group Benefits	169	165	673	630
Insurance & Annuities	77	56	251	242
Earnings on surplus	26	29	102	141
Other	17	1	23	4
Base earnings (loss)[1]	$ 400	$ 362	$ 1,462	$ 1,418
Items excluded from base earnings	25	15	2	222
Net earnings - common shareholders	$ 425	$ 377	$ 1,464	$ 1,640

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

Base and net earnings

Base earnings for the fourth quarter of 2025 increased by $38 million compared to the same quarter last year, primarily due to:

- favourable Group Benefits and Individual Insurance experience;
- higher fee income due to higher assets resulting from market appreciation;
- changes in certain tax estimates in Other;
- partially offset by lower earnings on surplus from lower interest rates.

Net earnings for the fourth quarter of 2025 increased by $48 million compared to the same quarter last year. Items excluded from base earnings increased by $10 million to positive $25 million including:

- market experience relative to expectations was positive $30 million in the fourth quarter of 2025, compared to positive $9 million in the prior year, primarily due to more favourable private equity performance and credit spread impact, partially offset by less favourable interest rate impacts.

For the twelve months ended December 31, 2025, net earnings decreased by $176 million and base earnings increased by $44 million compared to the same period last year. The increase in base earnings was primarily due to:

- higher Group Benefits earnings from favourable long-term disability experience;
- higher Retirement earnings from asset growth driven by market appreciation;
- changes in certain tax estimates in Other;
- partially offset by lower earnings on surplus from lower interest rates.

Items excluded from base earnings were positive $2 million compared to positive $222 million for the same period last year, primarily due to:

- a restructuring provision recorded in the second quarter of 2025;
- less favourable impact of assumption changes and management actions;
- less favourable interest rate and public equity impacts;
- partially offset by improved credit spread and private equity performance.

For the fourth quarter of 2025, net earnings attributable to the participating account was $39 million compared to net earnings of $29 million for the same quarter last year, primarily due to higher investment income on surplus assets.

For the twelve months ended December 31, 2025, the net earnings attributable to the participating account was $38 million compared to net earnings of $104 million for the same period last year, primarily due to past experience variances impacting earnings on surplus and restructuring costs and certain income tax-related items not recurring, partially offset by higher investment income on surplus assets.

Additional financial information

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Sales[1]				
Group Benefits (Insured)[1]	$ 100	$ 100	$ 389	$ 349
Group Benefits (ASO & Other)[1]	19	297	352	614
Insurance & Annuities	146	180	494	650
Net asset flows[1]				
Retirement	$ (213)	$ 77	$ (1,333)	$ 414
Wealth	2,332	(211)	1,442	(1,186)
Net asset flows[1]	$ 2,119	$ (134)	$ 109	$ (772)
Net fee and spread income[1]				
Retirement	$ 128	$ 118	$ 486	$ 448
Wealth	248	247	936	925
Net fee and spread income[1]	$ 376	$ 365	$ 1,422	$ 1,373
Group Benefits fee and other income (ASO & Other)	$ 111	$ 114	$ 425	$ 443
Assets under administration[2]				
Assets under management or advisement[2]	$ 214,765	$ 194,456		
Assets under administration only[1]	2,942	2,888		
Total client assets[2]	$ 217,707	$ 197,344		
Total assets under administration[2,3]	$ 330,917	$ 305,972		
Average client assets[1]				
Average client assets - Retirement	$ 85,317	$ 78,788		
Average client assets - Wealth	130,387	118,235		
Total average client assets[1]	$ 215,704	$ 197,023		
Contractual service margin				
Insurance & Annuities - Non-Participating	$ 513	$ 690		
Wealth - Segregated Funds	1,731	1,760		
Insurance & Annuities - Participating	3,305	3,024		
Contractual service margin	$ 5,549	$ 5,474		
Group Benefits in-force premiums (Insured)[1]	$ 7,527	$ 7,395		

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

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

[3] At December 31, 2025, Canada Life had $7.4 billion of proprietary mutual fund assets held by retail clients ($7.3 billion at December 31, 2024). $4.1 billion ($3.4 billion as at December 31, 2024) of these assets are consolidated as investment on account of segregated fund policyholders on the Company's balance sheet.

Sales

Canada sales for the fourth quarter of 2025 decreased compared to the same period last year, primarily due to:

- Group Benefits (ASO & Other) sales decreased by $278 million primarily due to the sale of the federal Pensioners' Dental Services Plan in 2024 with no similar sale in 2025;
- Insurance and annuities sales decreased by $34 million, primarily due to lower annuity sales and lower participating product sales.

Canada sales for the twelve months ended December 31, 2025 decreased compared to the same period last year, primarily due to:

- Group Benefits (ASO & Other) sales decreased by $262 million, due to the Pensioners' Dental Services sale with no similar sale in 2025, partially offset by improved creditor sales;
- Insurance and annuities sales decreased by $156 million due to the same reasons as described above for in-quarter results;
- The decreases were partially offset by increases in Group Benefits (Insured) sales of $40 million, primarily due to improved large case sales.

Net asset flows

In the fourth quarter of 2025, net asset inflows were $2,119 million compared to net asset outflows of $134 million for the same quarter last year, primarily due to:

- a large asset acquisition deal with De Thomas Wealth Management and improved segregated fund flows in Wealth;
- partially offset by higher terminations in Retirement.

For the twelve months ended December 31, 2025, net asset inflows were $109 million compared to net asset outflows of $772 million for the same period last year, primarily due to the same reasons described above for in-quarter results.

Outlook

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

Retirement

Major factors affecting the growth of the group retirement market include employment growth, the financial ability of workers to save for retirement and macroeconomic conditions such as interest rates and public equity market performance.

In 2026, the Company plans to continue to make significant investments to improve customer experiences through enhanced digital capabilities, and improved sales support levels. The Company also plans to enhance its competitive position by improving operational effectiveness and resilience, and to enhance productivity as well as customer and employee experience by making further investments in workflow, automation, digital innovation and artificial intelligence.

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

Wealth

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

The strong Canada Life brand, prudent business practices, the depth and breadth of its distribution channels, as well as the Company's reputation for strength and stability, positions the Company well for 2026 and beyond.

In 2026, the Company will begin the integration of IPC and Quadrus mutual fund and securities dealers under a single dealer brand. This move, along with continued investments in business enablement technology and platform enhancements, underscores the Company's strategic long-term vision of being the premier destination for entrepreneurial advisors in Canada.

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

Group Benefits

Major factors affecting the growth of the group benefits market include employment growth, macroeconomic conditions such as medical expense inflation rates, and the changes in the regulatory and legislative landscape.

In 2026, the Company plans to continue its focus and investment in the disability offering and operations to support growth and profitability in the group health market to improve customer experiences through enhanced digital capabilities, and improved sales support levels. The Company also plans to enhance its competitive position by improving operational effectiveness and resilience; and to enhance productivity as well as customer and employee experience by making further investments in workflow, automation, digital innovation and artificial intelligence.

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

Insurance & Annuities

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

In 2026, the Company will continue to advance on business strategies of balancing growth with disciplined pricing and risk selection. The business will continue to competitively develop, price and market a comprehensive range of individual insurance products, while maintaining a strong focus on pricing and risk management discipline. The Company will also continue to monitor and respond to the impacts of fluctuation in long-term interest rates and price compression. The Company remains committed to supporting its advisors. Distribution channels will maximize the use of common tools, processes and support, while tailoring support to specific needs of advisors, where appropriate. The business will continue to enhance its competitive position by focusing on improving advisor, customer and employee experience with investments in new business and underwriting workflow and simplification of processes. Also, it will continue to focus on delivering a seamless, digitally led experience for advisors, customers, and employees from point of initial engagement through to claims settlement, with quick and transparent servicing.

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

Europe

The Europe segment comprises four distinct lines of business: Retirement, Wealth, Group Benefits and Insurance & Annuities. The segment serves customers in the United Kingdom (U.K.) and Germany operating under the Canada Life brand and in Ireland under the Irish Life brand along with other acquired brands within the intermediary and wealth markets in Ireland. The segment's results also include an allocation of a portion of Lifeco's Corporate results.

Retirement

Business Profile	**Ireland -** Group Pensions
Market Position	**Ireland -** Group DC schemes market share 40%[1] (estimated)
Distribution	**Ireland** • Pension consultants (including owned pension consultants) • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Brokers (including owned brokers) • Benefit Consultants • Direct relationships
Competitive Conditions	The Irish defined contribution market continues to evolve at pace, with the Institutions for Occupational Retirement Provision (IORP II) driven consolidation accelerating the transition toward modern master trust solutions, with competition from domestic and multinational life insurers (including master trust sponsors), pension master trusts backed by global asset managers or consultants, and employee benefits consultancies. This shift is creating meaningful opportunities for providers that can demonstrate strong governance, high-quality member engagement and well-designed default strategies. Organizations with trusted adviser partnerships, robust operational foundations and in-house investment expertise are well placed to win larger scheme transitions and multi-employer mandates, as employers increasingly prioritize resilience and long-term member outcomes. Irish Life is the largest provider of group pensions in Ireland with an estimated market share of 40% as measured by members1, and with fund management services provided mainly by Irish Life Investment Managers (ILIM). Public policy and regulation has driven significant market activity in recent years, most notably the introduction of IORPII resulting in most employers moving to a 'master trust' arrangement and the introduction of Auto Enrollment with effect from January 1, 2026. These drivers have been positive for Irish Life, through acquisition of new employer accounts, growth in membership and contribution flow from existing accounts and increased operational efficiency from the master trust design. The policy landscape is expected to remain active, with 'in scheme drawdown' the likely next significant market development, and Irish Life's existing post-retirement proposition and advice capability are an advantage in this context.

[1] At December 31, 2025.

Wealth

	U.K.	Ireland	Germany
Business Profile	• International bonds • Retirement drawdown & pension, onshore bonds (closed to new business)	• Individual pensions • Individual wealth management services • Individual savings and investment • Institutional investment management	• Pensions & variable annuities (GMWB)
Market Position	• A market leading international life company selling into the U.K. market with over 26% market share[1]	• ILA is the largest Life & Pensions business in Ireland • Unio is one of Ireland's leading wealth management companies	• 2.6% share of the broker market (as at Q3 2025)
Distribution	• Financial advisors & Private banks	• Independent brokers (including owned brokers) • Pension and investment consultants • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Direct digital and contact centre • Tied bank branch distribution	• Independent brokers & multi-tied agents
Competitive Conditions	The European individual wealth market remains dynamic and diverse, with banks, insurers, asset managers, platforms and fintechs all innovating to meet evolving client expectations. Demand is growing for tax efficient solutions and seamless digital experiences, alongside the ongoing consolidation of the broker and adviser market which is reshaping distribution economics and scale advantages. There is also meaningful growth potential as personal wealth continues to be accumulated in non-life products and on open investment platforms, creating opportunities to capture greater wallet share through integrated propositions. Providers able to combine strong investment performance with intuitive customer engaging digital platforms, effective adviser support and high levels of trust and service are well positioned to deepen relationships with mass affluent and affluent clients. This environment rewards firms that can differentiate through customer centric design, financial strength, and long-term client engagement. Canada Life U.K. International Wealth's product offering that have led to market leading sales continue to have a strong appeal. The success has been driven by breadth and depth of the product range, features and investment options, jurisdictional choice, service, technical support, and relationship excellence, as well as competitive pricing. Policies implemented by the U.K. Government, as a result of the October 2024 U.K. budget, continue to strengthen the specific benefits of the international bond offering relative to domestic financial products in this sector. The move of insurance companies from traditional German insurance products with guarantees to the unitized lighter guarantee product categories that Canada Life offers continues to increase the level of competition. The Company has enhanced its ongoing product, technology and service offerings to help strengthen its position in the German market. In 2026, Canada Life in Germany will focus on growth and diversification in products and services, efficiency through automation using technology and artificial intelligence partnerships and enhancing the experience of the independent financial advisor and customer using digital applications. Occupational pensions are a major growth theme in Germany and the Company intends to use its franchise and technologies to add value to small and medium-size business segments where there is significant pension under coverage in Germany. The Company has been successful in building a presence in the pensions market by leveraging its unitized with profits (UWP) competency and in 2026, will continue to explore alternative solutions that are less capital intensive while still meeting customer and advisor needs. Within Wealth, the intermediary division of Irish Life provides wealth services to individuals. This is through Unio, which along with an affiliated company, oversees approximately $23 billion (€14 billion) of assets on behalf of Retirement and Wealth.		

[1] Market share position is based on Acuity U.K. Index Q3 2025.

Group Benefits

	U.K.	Ireland	Germany
Business Profile	• Group life insurance • Group income protection (disability) • Group critical illness	• Group and individual health insurance • Group critical illness, income Protection and Life • Group DC pension	n/a
Market Position	• Group life market share 21%[1] • Group income protection market share 12%[2]	• Life assurance market share 50%[3] • Group Benefits third largest health insurance business through Irish Health with a market share of 20%[4]	n/a
Distribution	• Financial advisors • Employee benefit consultants	• Independent brokers (including owned brokers) • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Direct digital and contact centre	n/a
Competitive Conditions	The group life, disability and health benefits markets across Europe remain highly adviser driven and vibrant, with consultants and brokers playing a central role in shaping employer decisions, with competition from large insurers writing group risk, specialist group risk carriers, private medical insurers, mutuals and friendly societies, digital benefits platforms, and multinational employee benefit networks. Employers are increasingly focused on integrated wellbeing solutions, proactive absence management and data enabled claims processes that enhance employee experience. Providers that offer price discipline, operational reliability, and the ability to support multinational clients with cross-border servicing and consolidated reporting are well positioned to strengthen partnerships and grow share across all segments. In the U.K., Canada Life is one of the largest insurers in the group protection market. The top four participants in this market comprise the majority market share measured by in-force premium. Pricing competition remains high in this market. Irish Life is the largest life assurance company in Ireland with a market share estimated at 50%[3] at year end, with changes driven by competitive success in the voluntary and corporate scheme market. Irish Life Health is one of the main insurers in the Irish market and provides access to healthcare through its health insurance plans that offer preventative health benefits through a combination of innovative digital and in-person services. In late 2024, a fourth health insurer launched in the already competitive Irish market. The intermediary division of Irish Life provides employee benefits consultancy to companies in Ireland through Unio Employee Benefits and Cornmarket Group Financial Services. Cornmarket Group is the largest provider of financial services to public sector employees in Ireland, while Unio Employee Benefits operates predominately in the private sector.		

[1] Market share position is based on Swiss Re Year End 2024.

[2] As at December 31, 2025.Market share position is based on Swiss Re Year End 2024.

[3] As at December 31, 2025. This is the total Irish Life Assurance share of the Life, Pensions & Investments market.

[4] As at September 30, 2025 based on figures reported by the Health Insurance Authority.

Insurance & Annuities

	U.K.	Ireland	Germany
Business Profile	• Bulk payout annuities • Individual payout annuities • Fixed term annuities • Equity release mortgages	• Individual and bulk payout annuities • Individual protection products	• Individual life insurance • Income protection (disability) • Critical illness
Market Position	• Payout annuities market share 13% (advisor only)[1] • A leading company in the equity release market with 14.5% market share[2]	• Market leader with total market share of 31%[3] • Individual life insurance with 22% market share[4] • Number one position in bulk annuities with over 62% market share[5]	• 6.5% share of the broker market[6]
Distribution	• Independent brokers • Multi-tied agents	• Independent brokers (including owned brokers) • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Direct digital and contact centre • Tied bank branch distribution	• Independent brokers • Multi-tied agents
Competitive Conditions	Competition across individual protection and bulk annuities remains active, supporting ongoing innovation in underwriting, pricing, asset sourcing, reinsurance, and customer experience, with competitors including retail protection writers across direct, adviser and bank assurance channels, specialist annuity providers (individual and bulk), composite insurers active in longevity solutions, and reinsurers that influence pricing and capacity. Providers with broad product suites, deep underwriting capability and strong capital positions are well placed to meet customer needs as the market grows. Increasing adoption of streamlined digital and medical underwriting, straight-through processing and enhanced claims management creates opportunities for firms that can blend efficiency with high-quality service, ultimately improving time-to-cover and customer outcomes while reinforcing competitive differentiation. Canada Life in the U.K. has benefited in recent years from an increase in the proportion of customers who are seeking the best price in the open market and buying annuities through financial advisors, which is the Company's primary distribution channel. The Company continues to offer both standard and enhanced annuities for customers wanting to take advantage of pension flexibility. Following the rise of interest rates from historic lows, the market has grown and is highly competitive with new entrants launching their annuity propositions. Canada Life U.K. offers bulk annuities aimed at trustees of defined benefits plans who want to insure pension scheme liabilities. This is a large and growing market and the demand from trustees continues to increase as pension scheme funding levels have improved in recent years and because corporate sponsors wish to remove scheme liabilities from their balance sheet. With considerable expertise and experience in longevity and investment products, the Company is well placed in the bulk annuity market. In 2025, the U.K. bulk annuity market saw one new entrant (who is now due to merge with an existing participant) and another existing participant being acquired by a large European savings and retirement group. Furthermore, several participants have established strategic partnerships for asset sourcing. While these factors are likely to add to market supply, the impact on competition will be limited by the continued strong growth in demand and investments being made in Canada Life U.K.'s bulk annuity business. The demand for the Canada Life U.K. equity release products has stabilised in 2025 as the market has adjusted to the higher interest rate environment.		

1 Market share based on data for the nine months ended September 30, 2025 through financial advisors, restricted whole market advisors and non-advised distributor.

2 Market share based on Equity Release Council market statistics for the nine months ended September 30, 2025.

3 As at July 31, 2025. This is the total Irish Life Assurance share of the Life, Pensions & Investments market.

4 As at July 31, 2025.

5 As at December 12, 2025.

6 Market share based on data for the nine months ended September 30, 2025.

2025 Developments

- In the fourth quarter of 2025, Canada Life U.K. wrote approximately $1.5 billion (£0.8 billion) of new bulk annuity business, $1.8 billion (£1.0 billion) for the full year of 2025, despite challenging market conditions. Transaction sizes ranged from approximately $76 million to $611 million (£41 million to £330 million), demonstrating the business's capability and competitiveness across multiple segments of the market.

- In the fourth quarter of 2025, Canada Life U.K. successfully onboarded two schemes involving the transition of deferred members from single policies held by trustees to individual policies for each member. This represented a significant milestone in strengthening post-transaction capabilities and building a robust track record in the bulk annuity market. The volume of deals coming to market in 2025 was lower than expected due to pension scheme trustees considering their endgame options and capacity constraints of pension scheme administrators. However, this is only expected to be a temporary reduction in deal volumes versus expectations as securing pension scheme liabilities is still considered to be the optimum endgame solution, and as further investment is made in pension scheme administration to cope with greater volumes of schemes approaching the market. Canada Life U.K. and Countrywide Assured have jointly submitted an application to the High Court of Justice of England and Wales for approval of a Part VII transfer of a closed portfolio of unit-linked bonds and legacy pension business from Canada Life U.K. to Countrywide Assured. The transfer is now expected to complete in 2026, subject to Court approval. The High Court hearing originally scheduled for November 27, 2025 has been postponed. A revised hearing date and updated implementation timeline will be communicated once confirmed in 2026.

- In the fourth quarter of 2025, Canada Life U.K. offshore bond sales amounted to $1.1 billion (£0.6 billion). International bond sales reached $5.2 billion (£2.8 billion) for the full year, representing the highest annual sales achieved since inception.
- In the fourth quarter of 2025, Canada Life Germany continued to enhance and develop its product offering that drives its diversification agenda. With input from its broker partners in 2025, the business will see new insurance and capital light solutions launched in 2026 to support them in meeting the needs of their customers. The restructuring of the business's management team also completed during the quarter with the appointment of both distribution and proposition officers whose focus will be to develop and deliver on the Company's ambitions into 2026 and beyond.

Selected Financial Information

Base earnings and net earnings

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]				
Retirement	$ 10	$ 8	$ 35	$ 34
Wealth	66	50	244	184
Group Benefits	54	60	261	189
Insurance & Annuities	91	107	379	393
Earnings on surplus	35	35	104	146
Base earnings (loss)[1]	$ 256	$ 260	$ 1,023	$ 946
Items excluded from base earnings	(128)	79	(414)	(16)
Net earnings - common shareholders	$ 128	$ 339	$ 609	$ 930

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

Base and net earnings

Base earnings for the fourth quarter of 2025 decreased by $4 million compared to the same quarter last year. The decrease in base earnings is primarily due to:

- lower Group Benefits earnings from unfavourable group benefits experience in the U.K. partially offset by favourable group mortality experience in Ireland;
- lower Insurance & Annuities earnings due to Ireland's less favourable individual protection experience and lower Equity release mortgage (ERM) origination fees in the UK;
- partially offset by higher Wealth earnings from higher fee income driven by client assets growth and the positive impact of currency movements across all lines of business.

Net earnings for the fourth quarter of 2025 decreased by $211 million compared to the same quarter last year. Items excluded from base earnings decreased by $207 million to negative $128 million primarily due to:

- unfavourable impact of assumption changes and management actions. Refer to the "Assumption Changes and Management Actions" section for additional details;
- unfavourable market experience relative to expectations compared to positive impact in the prior year, primarily due to the impact of changes in risk free interest rates;
- negative business transformation and other impacts, primarily due to higher restructuring costs.

For the twelve months ended December 31, 2025, net earnings of $609 million decreased by $321 million compared to the same period last year. Base earnings of $1,023 million increased by $77 million compared to the same period last year, primarily due to:

- higher Group Benefits earnings from favourable experience in the U.K. and Ireland;
- higher Wealth earnings from higher fee income driven by client assets growth;
- positive impact of currency movements across all lines of business;
- partially offset by lower earnings on surplus resulting from dividends paid to the parent holding company and lower trading gains.

Items excluded from base earnings were negative $414 million compared to negative $16 million for the same period last year, primarily due to:

- more unfavourable assumption changes and management actions. Refer to the "Assumption Changes and Management Actions" section for additional details;

- unfavourable market experience relative to expectations compared to a positive impact in the prior year, primarily due to the impact of a reduction in credit spreads in the U.K. and from changes in risk free interest rates; and
- negative business transformation and other impacts, primarily due to higher restructuring costs.

Additional financial information

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Sales[1]				
Group Benefits (Insured)[1]	$ 76	$ 65	$ 333	$ 262
Insurance & Annuities	2,194	479	4,578	4,294
Net asset flows[1]				
Retirement	$ 217	$ 131	$ 1,498	$ 969
Wealth	(338)	1,203	(2,468)	9,006
Insurance & Annuities	22	19	82	60
Net asset flows[1]	$ (99)	$ 1,353	$ (888)	$ 10,035
Net fee and spread income[1]				
Retirement	$ 29	$ 27	$ 118	$ 109
Wealth	162	144	619	543
Net fee and spread income[1]	$ 191	$ 171	$ 737	$ 652
Assets under administration[2]				
Assets under management or advisement[2]	$ 290,863	$ 256,126		
Assets under administration only[1]	5,318	4,582		
Total client assets[2]	$ 296,181	$ 260,708		
Total assets under administration[2,3]	$ 355,415	$ 316,739		
Average client assets[1]				
Average client assets - Retirement	$ 37,503	$ 33,230		
Average client assets - Wealth	254,148	224,167		
Total average client assets[1]	$ 291,651	$ 257,397		
Contractual service margin				
Insurance & Annuities - Non-Participating	$ 3,866	$ 3,664		
Wealth - Segregated Funds	1,487	1,531		
Contractual service margin	$ 5,353	$ 5,195		
Group Benefits in-force premiums (Insured)[1]	$ 3,027	$ 2,671		

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

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

3 At December 31, 2025, total assets under administration excludes $23.7 billion of assets managed for other business units within the Lifeco group of companies ($19.1 billion at December 31, 2024).

Sales

Europe sales for the fourth quarter of 2025 increased compared to the same period last year primarily due to:

- Group Benefits (Insured) sales increased by $11 million, primarily due to higher Irish group and health sales;
- Insurance and annuities sales increased by $1,715 million, mainly due to strong bulk annuity and higher individual annuity sales in the U.K.; and
- the positive impact of currency movements across all lines of business.

Europe sales for the twelve months ended December 31, 2025 increased compared to the same period last year primarily due to:

- Group Benefits (Insured) sales increased by $71 million, primarily due to strong corporate and voluntary income protection sales in Ireland;
- Insurance and annuities sales increased by $284 million, primarily due to higher individual annuity and equity release mortgage sales in the U.K., as well as increased bulk annuity sales in Ireland, partially offset by lower bulk annuity sales in the U.K.; and
- the positive impact of currency movements across all lines of business.

Net asset flows

In the fourth quarter of 2025, net asset outflows were $0.1 billion compared to net asset inflows of $1.4 billion for the same quarter last year, primarily due to:

- the ongoing transfer of the U.K. Scottish Friendly book of business in Wealth, reflecting an additional $692 million transferred in the fourth quarter after an initial transfer in July 2025 as well as further outflows related to an institutional client who has decided to manage these funds itself following a recent acquisition;
- partially offset by positive wealth net inflows in individual pension and savings and retirement products in Retirement, as well as the impact of currency movement.

For the twelve months ended December 31, 2025, net asset outflows were $0.9 billion compared to net asset inflows of $10.0 billion for the same period last year, primarily due to:

- an institutional client withdrawal in Ireland with minimal revenue impact;
- the transfer of U.K.'s Scottish Friendly book in Wealth.

These items were partially offset by:

- positive net wealth inflows in individual pension and savings and retirement in Retirement; and
- the impact of currency movements.

Outlook

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

Retirement

- In 2026, Irish Life will maintain a strong focus on both corporate engagement and individual pension markets, building on its leading position in workplace retirement solutions. Irish Life's strategy centres on deepening relationships with employers while expanding its reach among individual customers, ensuring Irish Life remains the provider of choice for pension solutions in a rapidly evolving landscape. The introduction of the national auto-enrolment pension scheme in January 2026 will support further expansion of the Company's reach, creating new opportunities to support a broader customer base.
- Irish Life intends to strengthen its position in the corporate and individual markets through significant investment in integrated customer management platforms and a multichannel distribution model, enabling seamless access to retirement solutions for clients. The Company will harness digital transformation, data and AI to deliver personalised pension experiences and to respond proactively to regulatory and market developments. Irish Life's flagship Empower Master Trust is the largest in the Irish market at approximately $16 billion (€10 billion) funds under management as at December 31, 2025.

Wealth

- In 2026, Canada Life U.K's International Wealth will focus on maintaining its position as one of the market leaders in the single premium international investment bond marketplace. The Company's distribution strategy for wealth will remain focused on financial advisors and maintaining relationships with institutional partners. The longer-term strategy is to transform the Wealth business from a product-focused business to a customer-focused business where Canada Life can support its customers during the 'key moments that matter' across its customers' lifetimes, including both accumulation and decumulation phases.
- In 2026, Irish Life aims to continue to focus on Ireland's growing wealth opportunity by expanding the Unio Wealth Management brand, evolving its innovative savings and investment solutions for individual customers, and strengthening partnerships with its intermediary network. This ambition is supported by the launch of the 'Platform Quarter', a market-first broker platform that delivers a single, seamless digital access point for both life and non-life investment solutions.
- The Company has a competitive position among providers of low guarantee unitized products to the German independent intermediary market. The move of insurance companies from traditional German insurance products with guarantees to the unitized lighter guarantee product categories that Canada Life offers continues to increase the level of competition. The Company has enhanced its ongoing product, technology and service offerings to help strengthen its position in the German market. In 2026, Canada Life in Germany will focus on growth and diversification in products and services, efficiency through automation using technology and artificial intelligence partnerships and enhancing the experience of the independent financial advisor and customer using digital applications. Occupational pensions are a major growth theme in Germany and the Company intends to use its franchise and technologies to add value to small and medium-size business segments where there is significant pension under coverage in Germany. The Company has been successful in building a presence in the pensions market by leveraging its unitized with profits (UWP) competency and in 2026, will continue to explore alternative solutions that are less capital intensive while still meeting customer and advisor needs.

Group Benefits

- In 2026, Canada Life U.K.'s group protection business will focus on enhancing delivery to customers through improved servicing, strengthened claims handling capability and continued development of valuable support service propositions. Modernizing systems and processes will support improved customer experience as well as efficient growth in premium income, particularly in the Company's target small and medium-sized enterprises sector.
- In 2026, Irish Life will continue to strengthen its leadership in Group Benefits where its fully integrated suite of Risk and Employee Benefits solutions empowers employers to deliver pensions, risk, health, and wellness benefits through a single trusted provider. Irish Life remain committed to delivering seamless, personalised experiences through the launch of a unified employer dashboard, providing a holistic view of all benefits offered to employees. From an employee perspective, the Company's 'single front door' digital platform offers individuals a consolidated view of all products they hold, whether through their employer or independently.

Insurance & Annuities

- In 2026, both Canada Life U.K. and Irish Life will focus on maintaining their share of the retail payout annuities market while investing in customer service systems. Canada Life U.K. retail payout annuities competitive position is expected to be supported by product developments on fixed term annuities and enhanced annuities which both went live in the fourth quarter of 2025.
- Canada Life U.K. will continue to further develop its offerings and capability in the bulk annuity market in 2026, extending the offering across a wider range of the market. Medium-term demand is expected to remain strong in this market as scheme funding ratios mean de-risking is accessible for a higher proportion of schemes than in previous years.
- The underlying customer demand for Canada Life U.K. equity release products remains strong, supporting expectations of continued growth going forward.
- Irish Life continues to compete successfully in the Irish protection market through product innovation, broad distribution reach and service offerings. Market share was at 22% in the third quarter of 2025.
- Irish Life competed well in new bulk annuity opportunities that came to market, with an overall market share of 62%.
- At Irish Life, product development on deferred annuity products continues in line with expectations. This is an important offering to expand the Company's footprint in the bulk annuity market, aligns with its strategic plans and helps to stabilize Contractual Service Margin. In the absence of a clear deferred annuity solution, many trustees adopted a wait and see approach to transactions. With revenue clarity coming in the fourth quarter of 2025, the market is expected to develop further in 2026, with significant growth in deal volume expected.
- In 2026, Canada Life in Germany will continue to develop its data and customer facing digital capabilities and will grow its customer portal further to make it easier for customers to access their plan information. The Company will also continue its deployment of automation across the customer journey with the use of AI supported technologies. Through its associated investment in a broker consolidator in Germany, the Company will continue to explore opportunities across the country to acquire brokerages that would generate accretive value to the existing business.

Capital and Risk Solutions

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

At Lifeco, the Capital and Risk Solutions segment results are included in the Insurance & Risk Solutions line of business.

Insurance & Risk Solutions

Business Profile	**Life, Health and Annuity** • Yearly renewable term, co-insurance, modified co-insurance and risk & capital management solutions **Longevity** • Longevity swaps & capital management solutions **Mortgage and Surety Reinsurance** • Stop loss and quota share **Property and Casualty** • Catastrophe retrocession & capital management solutions **Funded Reinsurance** • Coinsurance of life and annuity blocks with assets
Market Position	• Largest group life reinsurer and 7th largest individual life reinsurer in the U.S. by in force volumes[1] • Leading provider of capital solutions in the U.S. and Europe markets • Established provider of U.K. and European longevity reinsurance • Long-standing provider of a range of property and casualty catastrophe retrocession coverages
Distribution	• Independent reinsurance brokers • Direct placements
Competitive Conditions	In the U.S. life reinsurance market, insurers continue to view reinsurance as an important tool for risk and capital management. Several competitors are now focusing on growing their market share, which has resulted in increased competition. Nevertheless, a biennial independent industry survey released in July 2025 confirmed that the Company remains one of the top providers of risk and capital management solutions in the U.S. market. The Company's combination of financial strength and expertise with capital solutions continues to be a competitive advantage. In Europe, Solvency II dominates the regulatory landscape and interest in reinsurance solutions that produce capital benefits continues to grow. Demand for longevity and asset intensive reinsurance remains strong in the U.K., the Netherlands and other continental European countries. As a result, there are now more reinsurers participating in the European market. The Company's main competitors include other large reinsurance companies primarily in North America and Europe.

[1] As at December 31, 2024.

2025 Developments

- Through Canada Life Reinsurance, the Capital and Risk Solutions segment continued to grow by providing tailored solutions to customers while increasing diversification within the portfolio. In 2025, the Capital and Risk Solutions segment continued to prioritize core products with superior risk-adjusted returns and competitive advantage in the U.S. and Europe, while expanding its international presence in targeted new markets. In 2025, the Company seized opportunities in the market and executed numerous strategic transactions, primarily in the capital solutions line of business.
- On June 25, 2025, the Company announced changes to its business strategy. The Capital and Risk Solutions segment ceased new business for its U.S. traditional life mortality risk reinsurance line of business in order to increase focus on core markets of structured solutions, longevity reinsurance and catastrophe retrocession.
- 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. In the first quarter of 2025, the Company established a provision for estimated claims from the wildfires in California however does not expect significant claims from other catastrophe events occurring in 2025. In addition, in the fourth quarter of 2025, the Company had favourable claims developments on prior years' catastrophe provisions. The Company continues to monitor potential impacts of recent geopolitical conflicts, which are not currently expected to have a material effect on financial results.
- The Company is in progress of exiting a legacy international insurance business.

Selected Financial Information

Base earnings and net earnings

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]				
Reinsurance	$ 238	$ 214	$ 894	$ 798
Earnings on surplus	20	18	71	58
Base earnings (loss)[1]	$ 258	$ 232	$ 965	$ 856
Items excluded from base earnings	(55)	(29)	(104)	(200)
Net earnings - common shareholders	$ 203	$ 203	$ 861	$ 656

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

Base and net earnings

Base earnings for the fourth quarter of 2025 increased by $26 million compared to the same quarter last year, primarily driven by:

- Capital Solutions new business growth; and
- modest unfavourable insurance experience as a result of fourth quarter seasonality and benefit of a diversified portfolio.

Net earnings for the fourth quarter of 2025 were comparable to the same quarter last year. Items excluded from base earnings for the fourth quarter of 2025 were negative $55 million compared to negative $29 million for the same period last year primarily due to:

- negative impact from a management action relating to an international legacy insurance portfolio; and
- the impact of interest rate and credit spread relative to expectations.

For the twelve months ended December 31, 2025, net earnings increased by $205 million and base earnings increased by $109 million compared to the same period last year primarily due to the same reasons discussed for the in-quarter results.

Items excluded from base earnings for the twelve months ended December 31, 2025 were negative $104 million compared to negative $200 million for the same period last year, primarily due to:

- the change in net impact of actuarial assumption updates; and
- the impact of interest rate and credit spread movements relative to expectations.

Additional financial information

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Run-rate insurance results by product				
Capital Solutions	$ 164	$ 112	$ 556	$ 431
Risk Solutions (excl. P&C)	94	93	372	347
P&C and other	21	22	81	83
Total run-rate insurance results[1]	$ 279	$ 227	$ 1,009	$ 861
Total balance sheet assets	$ 11,694	$ 11,708		
Contractual service margin				
Reinsurance - Non-Participating	$ 2,430	$ 2,436		
Reinsurance - Participating	1	1		
Contractual service margin	$ 2,431	$ 2,437		

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

Outlook

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

Insurance & Risk Solutions

U.S. demand for Capital Solutions continues to create expanded opportunities for reinsurance.

The Company's Capital and Risk Solutions segment continues to help its clients and other affiliated companies meet capital challenges through innovative reinsurance solutions. Demand for capital solutions remains strong and will remain a focus for 2026.

Internationally, Canada Life continues to explore opportunities where the Company's reinsurance solutions can support clients in new geographies and execute a number of value generating transactions. Measured international expansion will remain a focus in 2026.

Atlantic hurricane season was benign in 2025 and as a result, loss activity was limited despite the California wildfires at the start of the year. The Company expects property retrocessional pricing to come under further pressure in 2026 in the absence of major loss events. The Company continues to focus on supporting its core client base and prioritizing prudent attachment levels.

Corporate

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

- certain overhead expenses, earnings on surplus, financing charges and related taxes not directly associated with the operations of the major business units of the Company;
- the results of PanAgora;
- dividend income from shareholdings in Franklin Resources, Inc. (Franklin Templeton); and
- the results of the U.S. insurance portfolio including a retained block of life insurance, predominately participating policies, which are now administered by Protective Life, as well as a closed life retrocession block and guaranteed lifetime withdrawal benefit (GLWB) product.

Selected Financial Information - Corporate

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)[1]	$ (109)	$ (120)	$ (383)	$ (436)
Items excluded from base earnings	(16)	(16)	(27)	(8)
Net earnings (loss) - common shareholders	$ (125)	$ (136)	$ (410)	$ (444)

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

In the fourth quarter of 2025, Corporate had a net loss of $125 million compared to a net loss of $136 million for the same quarter last year. Base loss of $109 million decreased by $11 million compared to the same quarter last year, primarily due to:

- the settlement of outstanding tax matters related to prior years; and
- partially offset by higher corporate shared service expenses.

Items excluded from base earnings for the fourth quarter of 2025 of negative $16 million was comparable to the same quarter last year, due to:

- unfavourable market experience; and
- mostly offset by business transformation impacts last year that did not recur.

Refer to the “Assumption Changes and Management Actions” section of this document for additional details.

For the twelve months ended December 31, 2025, Corporate had a net loss of $410 million compared to a net loss of $444 million for the same period last year. Base loss of $383 million decreased by $53 million compared to the same period last year, primarily driven by:

- the settlement of outstanding tax matters and changes in prior years tax estimates;
- higher earnings on surplus; and
- partially offset by higher debt financing and corporate shared service expenses.

For the twelve months ended December 31, 2025, items excluded from base earnings were negative $27 million compared to negative $8 million for the same period last year, primarily due to:

- unfavourable market experience;
- U.S. insurance portfolio business updates;
- partially offset by provision releases related to the 2003 acquisition of Canada Life Financial Corporation; and
- business transformation impacts last year that did not recur.

Consolidated Financial Position

Assets

Total assets

	As at December 31, 2025	As at December 31, 2024
Cash and cash equivalents	$ 8,902	$ 10,709
Bonds	174,468	167,114
Mortgage loans	36,873	38,879
Stocks	21,515	18,826
Investment properties	8,293	8,257
Invested assets	$ 250,051	$ 243,785
Insurance contract assets	1,571	1,193
Reinsurance contract held assets	16,850	17,842
Goodwill and intangible assets	16,195	16,386
Other assets	26,992	26,571
Investments on account of segregated fund policyholders	551,169	496,386
Total assets	$ 862,828	$ 802,163

The data presented in the table above provides the December 31, 2025 balances compared to December 31 2024. The analysis below examines the primary drivers and potential impacts of these items.

Invested Assets

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

Invested asset distribution

	Canada	United States	Europe	Capital and Risk Solutions	Total	
As at December 31, 2025						
Bonds						
Government & related	$ 19,062	$ 9,395	$ 15,710	$ 4,238	$ 48,405	20 %
Corporate & other	41,021	61,361	18,130	5,551	126,063	50
Sub-total bonds	60,083	70,756	33,840	9,789	174,468	70
Mortgages	16,892	11,220	7,923	838	36,873	15
Stocks	16,996	4,093	378	48	21,515	9
Investment properties	6,478	16	1,799	—	8,293	3
Sub-total portfolio investments	100,449	86,085	43,940	10,675	241,149	97
Cash and cash equivalents	1,651	3,860	2,855	536	8,902	3
Total invested assets	$ 102,100	$ 89,945	$ 46,795	$ 11,211	$ 250,051	100 %
As at December 31, 2024						
Bonds						
Government & related	$ 20,776	$ 5,021	$ 14,718	$ 4,927	$ 45,442	19 %
Corporate & other	38,460	61,211	16,993	5,008	121,672	50
Sub-total bonds	59,236	66,232	31,711	9,935	167,114	69
Mortgages	16,925	13,819	7,358	777	38,879	16
Stocks	14,489	3,712	625	—	18,826	8
Investment properties	6,128	22	2,107	—	8,257	3
Sub-total portfolio investments	96,778	83,785	41,801	10,712	233,076	96
Cash and cash equivalents	1,484	5,983	2,520	722	10,709	4
Total invested assets	$ 98,262	$ 89,768	$ 44,321	$ 11,434	$ 243,785	100 %

At December 31, 2025, total invested assets were $250.1 billion, an increase of $6.3 billion from December 31, 2024. The increase in invested assets was primarily due to an increase in bond volumes in Canada, Europe and the U.S., as well as higher fair values of bonds in the U.S., and an increase in public and private equity investments in Canada due to purchases and market appreciation. The distribution of assets has not changed significantly and remains heavily weighted to bonds and mortgages.

Bond portfolio

It is the Company's policy to acquire primarily investment grade bonds subject to prudent and well-defined investment policies. Modest investments in below investment grade rated securities may occur while not changing the overall discipline and conservative approach to the investment strategy. The total bond portfolio, including short-term investments, was $174.5 billion or 70% of invested assets at December 31, 2025 compared to $167.1 billion or 69% at December 31, 2024. The increase in the bond portfolio was primarily due to an increase in bond volumes in Canada, Europe and the U.S., as well as higher fair values of bonds in the U.S. The overall quality of the bond portfolio remained high, with 98% of the portfolio rated investment grade and 70% rated A or higher.

Bond credit ratings reflect bond rating agency activity up to December 31, 2025. Management continues to closely monitor bond rating agency activity and general market conditions.

Bond portfolio quality

	As at December 31, 2025		As at December 31, 2024	
AAA	$ 26,599	15 %	$ 24,462	15 %
AA	32,162	19	32,310	19
A	63,342	36	60,041	36
BBB	49,476	28	47,936	29
BB or lower	2,889	2	2,365	1
Total	$ 174,468	100 %	$ 167,114	100 %

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

	As at December 31, 2025		As at December 31, 2024	
Bonds issued or guaranteed by:				
Treasuries	$ 17,695	10 %	$ 16,159	10 %
Government related	28,839	17	28,029	17
Agency securitized	1,871	1	1,254	1
Non-agency securitized	16,034	9	16,811	10
Financials	25,024	14	24,057	15
Communications	4,473	3	4,002	2
Consumer products	18,964	11	18,403	11
Energy	8,295	5	7,044	4
Industrials	13,053	7	12,452	7
Technology	5,966	3	5,628	3
Transportation	8,172	5	7,498	5
Utilities	26,082	15	25,777	15
Total	$ 174,468	100 %	$ 167,114	100 %

At December 31, 2025, total bonds were $174.5 billion compared to $167.1 billion at December 31, 2024. The increase was primarily due to growth in treasuries, energy, financial and government related industry sectors driven by an increase in bond volumes in Canada, Europe and the U.S., as well as higher fair values of bonds in the U.S.

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 carried at amortized cost and therefore there are no fair value movements recorded on these holdings. The Canada, Europe and Capital and Risk Solutions segments also hold equity release mortgages within the mortgage portfolio. Equity release mortgages are loans provided to people who want to continue living in their homes while accessing some of the underlying equity value in their homes. Loans are typically repaid when the borrower dies or moves into long-term care.

	As at December 31, 2025				As at December 31, 2024	
Mortgage loans by type	Insured[1]	Non-insured	Total		Total	
Single family residential	$ 156	$ 609	$ 765	2 %	$ 1,225	3 %
Multi-family residential	2,669	6,664	9,333	25	9,568	25
Equity release	—	5,664	5,664	16	4,818	12
Commercial	—	21,111	21,111	57	23,268	60
Total	$ 2,825	$ 34,048	$ 36,873	100 %	$ 38,879	100 %

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

The total mortgage portfolio was $36.9 billion or 15% of invested assets at December 31, 2025, compared to $38.9 billion or 16% of invested assets at December 31, 2024. At December 31, 2025, total insured loans were $2.8 billion or 8% of the mortgage portfolio, compared to $2.8 billion or 7% at December 31, 2024.

Commercial mortgages

	Canada					
	Par	Non-Par	U.S.	Europe	Capital and Risk Solutions	Total
As at December 31, 2025						
Retail & shopping centres	$ 2,905	$ 778	$ 660	$ 1,153	$ —	$ 5,496
Industrial	3,093	892	4,267	1,010	72	9,334
Office buildings	1,018	356	2,318	1,275	15	4,982
Other	31	11	592	665	—	1,299
Total	$ 7,047	$ 2,037	$ 7,837	$ 4,103	$ 87	$ 21,111
As at December 31, 2024						
Retail & shopping centres	$ 2,969	$ 846	$ 792	$ 1,142	$ 31	$ 5,780
Industrial	3,037	950	5,377	982	88	10,434
Office buildings	990	384	2,505	1,148	19	5,046
Other	32	20	1,080	861	15	2,008
Total	$ 7,028	$ 2,200	$ 9,754	$ 4,133	$ 153	$ 23,268

The commercial mortgage portfolio was $21.1 billion at December 31, 2025, compared to $23.3 billion at December 31, 2024. The decrease was primarily due to maturities in the U.S. related to mortgage loans as well as lower funding. The Company monitors and works proactively with borrowers to manage exposures. It is the Company's practice to acquire high-quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans.

Expected credit losses

Expected credit loss (ECL) allowances are recognized on all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI. The Company measures ECL allowances at either 12-month for stage 1 performing financial assets or lifetime ECL for stage 2 performing financial assets and stage 3 impaired financial assets. Refer to the "Summary of Critical Accounting Estimates" section of this document and in note 2 of the Company's December 31, 2025 annual consolidated financial statements for additional details on ECL measurement and presentation. Carrying values of assets subject to ECL allowance and corresponding allowances for ECL are shown below.

At December 31, 2025, the total allowance for credit losses recognized was $25 million compared to $33 million at December 31, 2024. The decrease in total allowance for credit losses was primarily due to remeasurement of stage 2 commercial mortgages in the U.K.

Equity portfolio

The total equity portfolio was $29.8 billion or 12% of invested assets at December 31, 2025 compared to $27.1 billion or 11% of invested assets at December 31, 2024. The equity portfolio consists of publicly traded stocks, privately held stocks and investment properties. The increase in publicly traded stocks of $1.7 billion and the increase in privately held stocks of $1.0 billion were primarily due to purchases and higher market values. Investment properties of $8.3 billion was comparable to December 31, 2024.

	Canada						
	Par	Non-Par	U.S.	Europe	CRS	Total	
As at December 31, 2025							
Equity portfolio by type							
Publicly traded stocks	$ 10,215	$ 2,618	$ 1,412	$ 81	$ 34	$ 14,360	48 %
Privately held stocks	2,402	1,761	2,681	297	14	7,155	24
Sub-total	12,617	4,379	4,093	378	48	21,515	72
Investment properties	5,629	849	16	1,799	—	8,293	28
Total	$ 18,246	$ 5,228	$ 4,109	$ 2,177	$ 48	$ 29,808	100 %
As at December 31, 2024							
Equity portfolio by type							
Publicly traded stocks	$ 8,536	$ 2,498	$ 1,309	$ 357	$ —	$ 12,700	47 %
Privately held stocks	1,977	1,478	2,403	268	—	6,126	23
Sub-total	10,513	3,976	3,712	625	—	18,826	70
Investment properties	5,164	964	22	2,107	—	8,257	30
Total	$ 15,677	$ 4,940	$ 3,734	$ 2,732	$ —	$ 27,083	100 %

Investment properties[1]

	Canada					
	Par	Non-Par	U.S.	Europe	Total	
As at December 31, 2025						
Industrial	$ 2,102	$ 227	$ —	$ 415	$ 2,744	33 %
Office buildings	921	186	16	452	1,575	19
Retail	441	20	—	599	1,060	13
Other	2,165	416	—	333	2,914	35
Total	$ 5,629	$ 849	$ 16	$ 1,799	$ 8,293	100 %
As at December 31, 2024						
Industrial	$ 2,016	$ 287	$ —	$ 673	$ 2,976	36 %
Office buildings	933	164	22	510	1,629	20
Retail	184	24	—	632	840	10
Other	2,031	489	—	292	2,812	34
Total	$ 5,164	$ 964	$ 22	$ 2,107	$ 8,257	100 %

[1] The Capital and Risk Solutions segment does not hold any investment properties.

Derivative Financial Instruments

During the fourth quarter of 2025, there were no major changes to the Company's policies and procedures with respect to the use of derivative financial instruments. The Company's derivative transactions are generally governed by the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, which provide for legally enforceable set-off and close-out netting of exposure to specific counterparties in the event of an early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from a counterparty against payables to the same counterparty, in the same legal entity, arising out of all included transactions. The Company's ISDA Master Agreement may include Credit Support Annex provisions, which require both the pledging and accepting of collateral in connection with its derivative transactions.

- At December 31, 2025, total financial collateral, including initial margin and overcollateralization, received on derivative assets was $1.4 billion ($1.7 billion at December 31, 2024) and pledged on derivative liabilities was $2.5 billion ($2.1 billion at December 31, 2024).
    - Collateral received on derivative assets decreased in 2025, primarily driven by the impact of the Euro and British pound strengthening against the U.S. dollar on cross-currency swaps that pay Euro or Pounds and receive U.S. dollars.

  - Collateral pledged on derivative assets increased in 2025, primarily due to Euro and British pound strengthening against Japanese yen on cross-currency swaps that pay Euro or Pounds and receive Japanese yen.
- During the twelve months ended December 31, 2025, the outstanding notional amount of derivative contracts increased by $7.7 billion to $70.8 billion compared to December 31, 2024, 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 December 31, 2025 from $2.4 billion at December 31, 2024. The decrease was primarily due to the euro and British pound strengthening against the U.S. dollar on cross-currency swaps that pay Euro or Pounds and receive U.S. dollars.
  - There were no changes to derivative counterparty ratings during the fourth quarter of 2025 and all had investment grade ratings as of December 31, 2025.

Goodwill and Intangible Assets

	As at December 31	
	2025	2024
Goodwill	$ 11,283	$ 11,428
Indefinite life intangible assets	1,429	1,414
Finite life intangible assets	3,483	3,544
Total	$ 16,195	$ 16,386

The Company's goodwill and intangible assets relate primarily to business acquisitions made by the Company. Goodwill and intangible assets of $16.2 billion at December 31, 2025 decreased by $0.2 billion compared to December 31, 2024. The decrease was primarily due to:

- a decrease of $0.1 billion in goodwill; and
- a decrease of finite life intangible assets $0.1 billion.

In the fourth quarter of 2025, the Company conducted its annual impairment testing of goodwill and intangible assets based on September 30, 2025 asset balances. It was determined that the recoverable amounts of cash generating unit (CGU) groupings for goodwill and CGUs for intangible assets were in excess of their carrying values and there was no evidence of impairment. Recoverable amount is based on fair value less cost of disposal.

Refer to note 9 in the Company's December 31, 2025 annual consolidated financial statements for further details of the Company's goodwill and intangible assets. Also, refer to the "Summary of Critical Accounting Estimates" section of this document for details on impairment testing of these assets.

Other General Fund Assets

	As at December 31	
	2025	2024
Other assets	$ 15,190	$ 15,265
Accounts and interest receivable	6,029	5,402
Deferred tax assets	2,285	2,066
Derivative financial instruments	1,863	2,431
Owner occupied properties	829	789
Fixed assets	395	346
Current income taxes	401	272
Total	$ 26,992	$ 26,571

Total other general fund assets at December 31, 2025 were $27.0 billion, an increase of $0.4 billion from December 31, 2024. The increase was primarily due to:

- an increase of $0.6 billion in accounts and interest receivable;
- an increase of $0.2 billion in deferred tax assets;
- an increase of $0.1 billion in current income taxes; and
- partially offset by a decrease of $0.6 billion in derivative financial instruments and a decrease of $0.1 billion in other assets.

Other assets comprise several items including prepaid expenses and accounts receivable. Refer to note 11 in the Company's December 31, 2025 annual consolidated financial statements for a breakdown of other assets.

Investments on Account of Segregated Fund Policyholders

	As at December 31	
	2025	2024
Stock and units in unit trusts	$ 176,933	$ 154,439
Mutual funds	262,239	232,073
Bonds	76,080	74,444
Investment properties	11,050	11,317
Cash and other	16,017	15,948
Mortgage loans	2,142	2,083
Sub-total	$ 544,461	$ 490,304
Non-controlling mutual funds interest	6,708	6,082
Total	$ 551,169	$ 496,386

Investments on account of segregated fund policyholders, which are measured at fair value, increased by $54.8 billion to $551.2 billion at December 31, 2025 compared to December 31, 2024. The increase was primarily due to:

- the combined impact of market value gains and investment income of $52.4 billion related to net unrealized capital gains on investments;
- net deposits of $1.9 billion; and
- an increase of $0.6 billion non-controlling mutual funds interest.

Liabilities

Total liabilities

	As at December 31, 2025	As at December 31, 2024
Insurance contract liabilities	$ 161,644	$ 155,683
Reinsurance contract held liabilities	919	795
Investment contract liabilities	89,042	90,157
Other general fund liabilities	27,051	26,488
Insurance contracts on account of segregated fund policyholders	70,418	66,343
Investment contracts on account of segregated fund policyholders	480,751	430,043
Total	$ 829,825	$ 769,509

Total liabilities increased by $60.3 billion to $829.8 billion at December 31, 2025 from December 31, 2024.

- Insurance and investment contracts on account of segregated fund policyholders increased by $54.8 billion. The increase was primarily due to:
  - the combined impact of market value gains and investment income of $52.4 billion related to net unrealized capital gains on investments; and
  - net deposits of $1.9 billion.
- Insurance contract liabilities increased by $6.0 billion. The increase was primarily due to:
  - the impact of market movements and currency movements;
  - partially offset by normal business movements.
- Other general fund liabilities increased by $0.6 billion. Refer to the other general fund liabilities section of this document for details.
- Investment contract liabilities decreased by $1.1 billion. The decrease was primarily due to:
  - the impact of currency movements and normal business movements; and
  - partially offset by market movements.

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

Assets supporting insurance contract liabilities

		Non-Participating				
	Participating Account	Canada	United States	Europe	Capital and Risk Solutions	Total
As at December 31, 2025						
Bonds	$ 33,740	$ 23,072	$ 346	$ 29,177	$ 5,354	$ 91,689
Mortgage loans	12,860	3,533	7	7,923	811	25,134
Stocks	12,933	3,422	—	126	47	16,528
Investment properties	5,630	573	—	1,658	—	7,861
Other assets[1]	1,684	—	12,246	6,502	—	20,432
Total	$ 66,847	$ 30,600	$ 12,599	$ 45,386	$ 6,212	$ 161,644
As at December 31, 2024[2]						
Bonds	$ 32,435	$ 23,553	$ 387	$ 27,227	$ 6,057	$ 89,659
Mortgage loans	12,851	3,727	8	7,359	751	24,696
Stocks	10,798	3,206	—	396	—	14,400
Investment properties	5,167	742	—	1,909	—	7,818
Other assets[1]	827	81	13,149	5,053	—	19,110
Total	$ 62,078	$ 31,309	$ 13,544	$ 41,944	$ 6,808	$ 155,683

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

[2] Comparative figures have been reclassified to conform with current year's presentation.

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

Insurance Contract Liabilities and Assets

Insurance contract liabilities and assets[1]

	Insurance contracts not under PAA method					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Contracts under PAA method	Total net insurance contract liabilities
As at December 31, 2025						
United States	$ 19,586	$ 138	$ 196	$ 19,920	$ 2	$ 19,922
Canada	111,655	1,726	5,551	118,932	9,602	128,534
Europe	49,412	998	5,353	55,763	3,815	59,578
Capital and Risk Solutions	2,120	1,914	2,430	6,464	62	6,526
Total	$ 182,773	$ 4,776	$ 13,530	$ 201,079	$ 13,481	$ 214,560
As at December 31, 2024						
United States	$ 19,955	$ 139	$ 262	$ 20,356	$ 2	$ 20,358
Canada	104,920	1,826	5,474	112,220	9,556	121,776
Europe	44,401	1,016	5,195	50,612	3,709	54,321
Capital and Risk Solutions	2,657	2,006	2,437	7,100	231	7,331
Total	$ 171,933	$ 4,987	$ 13,368	$ 190,288	$ 13,498	$ 203,786

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

At December 31, 2025, total net insurance contract liabilities were $214.6 billion, an increase of $10.8 billion from December 31, 2024. The increase in net insurance contract liabilities was primarily due to the impact of market movements and 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 present value is a net outflow, then the group of insurance contracts is onerous. In this case, the net outflow is recognized as a loss in the current period. A loss component is created to depict any losses recognized in the current period, which determines the amounts that are subsequently recognized in future periods as reversals on onerous groups.

Contractual service margin continuity[1]

	Non-Participating (excluding Segregated Funds)							
	United States	Canada	Europe	Capital and Risk Solutions	Total	Seg Funds	Participating	Total
CSM beginning of period, December 31, 2024	$ 55	$ 690	$ 3,664	$ 2,436	$ 6,845	$ 3,268	$ 3,255	$ 13,368
Impact of new insurance business	—	40	267	100	407	126	109	642
Expected movements from asset returns & locked-in rates	2	18	91	65	176	121	192	489
CSM recognized for services provided	(8)	(67)	(326)	(269)	(670)	(407)	(155)	(1,232)
Insurance experience gains/losses	6	(7)	23	7	29	—	(50)	(21)
Organic CSM movement	$ —	$ (16)	$ 55	$ (97)	$ (58)	$ (160)	$ 96	$ (122)
Impact of markets	—	—	—	—	—	67	188	255
Impact of changes in assumptions and management actions	8	(161)	(18)	21	(150)	(120)	(41)	(311)
Currency impact	(3)	—	165	70	232	120	(12)	340
Total CSM movement	$ 5	$ (177)	$ 202	$ (6)	$ 24	$ (93)	$ 231	$ 162
CSM end of period, December 31, 2025	$ 60	$ 513	$ 3,866	$ 2,430	$ 6,869	$ 3,175	$ 3,486	$ 13,530

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

At December 31, 2025, total contractual service margin on non-participating business excluding segregated funds was $6.9 billion, an increase of $24 million from December 31, 2024. The increase was mainly driven by:

- currency impacts of $232 million;
- partially offset by assumption changes and management actions of negative $150 million and organic CSM movement of negative $58 million.

At December 31, 2025, total contractual service margin was $13.5 billion, an increase of $162 million from December 31, 2024. The increase was mainly driven by:

- currency impacts of $340 million and the impact of markets of $255 million;
- partially offset by assumption changes and management actions of negative $311 million and organic CSM movement of negative $122 million.

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

Other General Fund Liabilities

	As at December 31	
	2025	2024
Debentures and other debt instruments	$ 8,792	$ 9,469
Other liabilities	10,431	10,230
Accounts payable	3,981	3,524
Deferred tax liabilities	937	834
Derivative financial instruments	2,412	2,137
Current income taxes	498	294
Total	$ 27,051	$ 26,488

Total other general fund liabilities at December 31, 2025 were $27.1 billion, an increase of $0.6 billion from December 31, 2024. The increase was primarily due to:

- an increase of $0.5 billion accounts payable;
- an increase of $0.3 billion in derivative financial instruments;
- an increase of $0.2 billion in current income taxes;
- an increase of $0.2 billion in other liabilities;
- an increase of $0.1 billion in deferred tax liabilities; and
- partially offset by a decrease of $0.7 billion in debentures and other debt instruments.

Other liabilities of $10.4 billion include pension and other post-employment benefits, lease liabilities, deferred income reserve, bank overdraft, collateralized loan obligation liabilities and other liability balances. Refer to note 20 in the Company's December 31, 2025 annual consolidated financial statements for a breakdown of the other liabilities balance and note 18 in the Company's December 31, 2025 annual consolidated financial statements for details of the debentures and other debt instruments.

Segregated Fund and Variable Annuity Guarantees

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

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

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

In Europe, the Company offers UWP products in Germany and unit-linked products with investment guarantees in Ireland. These products are similar to segregated fund products but include minimum credited interest rates and pooling of policyholders' funds.

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

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

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

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

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

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

Certain GMWB products offered by the Company offer levels of death and maturity guarantees. At December 31, 2025, the amount of GMWB product in-force in Canada, the U.S., Ireland and Germany was $7,084 million ($7,538 million at December 31, 2024).

Segregated fund and variable annuity guarantee exposure

	Investment deficiency by benefit type				
December 31, 2025	**Market Value**	**Income**	**Maturity**	**Death**	**Total[1]**
Canada	$ 38,431	$ 1	$ 3	$ 9	$ 9
United States	22,053	—	—	4	4
Europe	14,371	2	—	1,261	1,261
Capital and Risk Solutions[2]	640	90	—	—	90
Total	$ 75,495	$ 93	$ 3	$ 1,274	$ 1,364

[1] A policy can only receive a payout from one of the three trigger events (income election, maturity or death). Total deficiency measures the point-in-time exposure assuming the most costly trigger event for each policy occurred on December 31, 2025.

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

Investment deficiency at December 31, 2025 increased by $78 million to $1,364 million compared to December 31, 2024, primarily as a result of new business in Europe, partially offset by increase market values and the reinsurance of the GMBW portfolio in the US segment. The investment deficiency measures the point-in-time exposure to a trigger event (i.e., income election, maturity or death) assuming it occurred on December 31, 2025 and does not include the impact of the Company's hedging program. The actual cost to the Company will depend on the trigger event having occurred and the market values at that time. The actual claims before tax associated with these guarantees were $6 million in 2025 ($4 million for 2024), with the majority arising in the Capital and Risk Solutions segment related to a legacy block of business.

Lifeco Capital Structure

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

Debentures and Other Debt Instruments

At December 31, 2025, debentures and other debt instruments decreased by $677 million to $8,792 million compared to December 31, 2024.

On August 12, 2025, Great-West Lifeco U.S. Finance 2020, LP, a subsidiary of the Company, repaid the principal amount of its 0.904% U.S. $500 million senior notes upon maturity, together with accrued interest.

Refer to note 18 in the Company's December 31, 2025 annual consolidated financial statements for further details of the Company's debentures and other debt instruments.

Capital Trust Securities

At December 31, 2025, the Company had $150 million principal outstanding of Canada Life Capital Trust Securities – Series B (CLiCS – Series B). Included in the Company's invested assets at December 31, 2025 were CLiCS – Series B with a fair value of $44 million and principal value of $37 million (fair value of $44 million at December 31, 2024).

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

Equity

Share capital outstanding at December 31, 2025 was $10.4 billion, which comprises $6.0 billion of common shares and $2.9 billion of preferred shares and $1.5 billion Limited Recourse Capital Notes (LRCN Series 1). Preferred shares included $2,670 million of non-cumulative First Preferred Shares and $250 million of non-cumulative 5-year rate reset First Preferred Shares.

Common shares

At December 31, 2025, the Company had 906,331,875 common shares outstanding with a stated value of $5.98 billion compared to 932,107,643 common shares with a stated value of $6.07 billion at December 31, 2024.

On January 2, 2025, the Company announced the renewal of its normal course issuer bid (NCIB) that commenced on January 6, 2025 and terminated on January 5, 2026 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices. On September 3, 2025, the Company announced an amendment to the 2025 NCIB to increase the maximum number of common shares that may be repurchased to 40,000,000. In addition, the Toronto Stock Exchange approved an amendment that permits the Company to purchase its shares from Power Financial Corporation and certain of its wholly-owned subsidiaries (collectively, PFC) in connection with the NCIB, in order for PFC to approximately maintain its proportionate percentage ownership in the Company. The NCIB amendments became effective on September 5, 2025.

During the twelve months ended December 31, 2025, the Company repurchased and subsequently cancelled approximately 28.4 million common shares under the 2025 NCIB at an average cost per share of $57.15 (2.7 million common shares under the NCIB at an average cost per share of $42.32 for the twelve months ended December 31, 2024).

On January 2, 2026, the Company announced the renewal of its NCIB commencing January 6, 2026 and terminating January 5, 2027 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices. The renewed NCIB continues to permit the Company to purchase its shares from PFC in order for PFC to approximately maintain its proportionate percentage ownership in the Company.

Preferred shares

At December 31, 2025, the Company had 12 series of fixed rate First Preferred Shares and 1 series of 5-year rate reset First Preferred Shares outstanding with aggregate stated values of $2,670 million and $250 million, respectively.

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

	Great-West Lifeco Inc.						
	Series G	**Series H**	**Series I**	**Series L**	**Series M**	**Series N**	
General Type	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	5-Year Rate Reset	
Cumulative/Non-Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	
Date Issued	Sep 14, 2004	Aug 12, 2005	Apr 12, 2006	Oct 2, 2009	Mar 4, 2010	Dec 31, 2025	
Shares Outstanding	12,000,000	12,000,000	12,000,000	6,800,000	6,000,000	10,000,000	
Amount Outstanding (Par)	$300,000,000	$300,000,000	$300,000,000	$170,000,000	$150,000,000	$250,000,000	
Yield	5.20%	4.85%	4.50%	5.65%	5.80%	4.09%	
Earliest Issuer Redemption Date	Dec 31, 2009	Sep 30, 2010	Jun 30, 2011	Dec 31, 2014	Mar 31, 2015	Dec 31, 2030	
	Series P	**Series Q**	**Series R**	**Series S**	**Series T**	**Series Y**	**Series Z**
General Type	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate
Cumulative/Non-Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Date Issued	Feb 22, 2012	Jul 6, 2012	Oct 11, 2012	May 22, 2014	May 18, 2017	Aug 16, 2021	Sept. 24, 2025
Shares Outstanding	10,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Amount Outstanding (Par)	$250,000,000	$200,000,000	$200,000,000	$200,000,000	$200,000,000	$200,000,000	$200,000,000
Yield	5.40%	5.15%	4.80%	5.25%	5.15%	4.50%	5.70%
Earliest Issuer Redemption Date	March 31, 2017	Sep 30, 2017	Dec 31, 2017	Jun 30, 2019	Jun 30, 2022	Dec 31, 2026	Sep 30, 2030

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

Non-Controlling Interests

The Company's non-controlling interests include participating account surplus in subsidiaries and non-controlling interests in subsidiaries. Refer to note 21 in the Company's December 31, 2025 annual consolidated financial statements for further details.

	As at December 31	
	2025	2024
Participating account surplus in subsidiaries:		
Canada Life	$ 3,082	$ 3,043
Empower	(3)	(2)
Total	$ 3,079	$ 3,041
Non-controlling interests in subsidiaries	$ 67	$ 72
Total	$ 3,146	$ 3,113

At December 31, 2025, the carrying value of non-controlling interests increased by $33 million to $3,146 million compared to December 31, 2024. For the twelve months ended December 31, 2025, net earnings attributable to participating account before policyholder dividends were $2,147 million and policyholder dividends were $2,106 million.

Liquidity and Capital Management

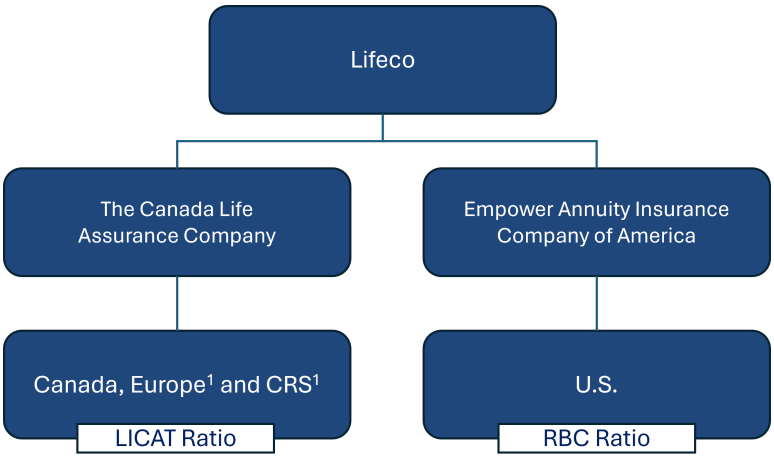
Capital Management and Adequacy

The Board of Directors (Board) 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.

As at December 31, 2025, each of the Company's subsidiaries were well capitalized and in compliance with regulatory capital requirements by jurisdiction.

As shown in the graphic below, Lifeco's subsidiary The Canada Life Assurance Company and its subsidiaries report regulatory capital on a consolidated basis in accordance with OSFI's Life Insurance Capital Adequacy Test (LICAT), as described below. Lifeco's subsidiaries in the United States report Risk Based Capital (RBC), as described below.



[1] Entities based in Europe also separately report regulatory capital on a Solvency II/U.K. basis (see below).

I. LICAT Ratio

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 December 31, 2025 LICAT Ratio is calculated in accordance with the 2025 OSFI Guideline - Life Insurance Capital Adequacy Test.

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

OSFI has established a Supervisory Target Total Ratio of 100% and a Supervisory Minimum Total Ratio of 90%. The Canada Life Assurance Company is operating well above these supervisory ratios.

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

LICAT Ratio

	Dec. 31 2025	Dec. 31 2024
Tier 1 Capital	$ 21,061	$ 20,142
Tier 2 Capital	7,667	5,253
Total Available Capital	28,728	25,395
Surplus Allowance & Eligible Deposits	5,155	5,130
Total capital resources	$ 33,883	$ 30,525
Required capital	$ 26,541	$ 23,516
Capital margin[1]	7,342	7,009
Total Ratio (OSFI Supervisory Target = 100%)[2]	128 %	130 %

[1] Capital Margin = Total capital resources less required capital

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

The Canada Life Assurance Company's consolidated LICAT Ratio at December 31, 2025 was 128%. The LICAT Ratio does not take into account any impact from $2.1 billion of liquidity at the Lifeco holding company level at December 31, 2025 ($2.2 billion at December 31, 2024).

The LICAT Ratio decreased by 2 points from 130% at December 31, 2024 to 128% at December 31, 2025 as a result of:

- business growth and the impact of earnings less dividends;
- partially offset by the transition impacts to reporting based on the 2025 LICAT Guideline, as amended for Segregated Funds with Guarantees.

OSFI Regulatory Capital Initiatives

The Canada Life Assurance Company is reporting under revised capital requirements for Segregated Fund Guarantee Risk that OSFI has introduced with its 2025 LICAT Guideline, effective January 1, 2025.

On July 3, 2025, OSFI announced reduced capital requirements for qualifying infrastructure debt and equity investments by federally regulated life insurers. The Canada Life Assurance Company is now reporting with the reduced capital requirements for unrated infrastructure debt to Permitted Infrastructure Entities (PIEs) located in Canada and for infrastructure equity that meets the criteria of PIEs located in Canada.

Solvency II/U.K.

Furthermore, subsidiaries of The Canada Life Assurance Company based in Europe have a local solvency capital regime (Solvency II/UK). As at December 31, 2025 and December 31, 2024, all European regulated entities met the capital and solvency requirements as prescribed under Solvency II/UK.

II. RBC Ratio

In the U.S, the National Association of Insurance Commissioners (NAIC) 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. As at December 31, 2025, the ratio was estimated to be above 450%.

III. Financial Leverage Ratio

The financial leverage ratio is used to measure the Company's financial strength, solvency and capital adequacy and is calculated as the aggregate of debt, hybrid securities, and preferred shares divided by total consolidated capitalization.

The following provides a summary of the financial leverage ratio of the Company:

	Dec. 31 2025	Dec. 31 2024
Financial Leverage		
Short-term debt	$ 273	$ 144
Long-term debt (incl. bank term loan)	8,265	9,070
Subordinated debentures	100	100
Capital trust securities	154	155
Limited recourse capital notes	1,500	1,500
Perpetual preferred shares	2,920	2,720
Total Financial Leverage	$ 13,212	$ 13,689
Equity		
Common Stock	$ 5,983	$ 6,071
Surplus	17,712	17,474
Participating policyholder surplus	3,079	3,041
Accumulated other comprehensive income	1,742	1,776
Minority interest	67	72
Total Equity	$ 28,583	$ 28,434
Total Capital	$ 41,795	$ 42,123
CSM (non-par, excluding seg funds) (after-tax)[2]	$ 6,083	$ 6,055
Financial Leverage Ratio[1]	28 %	29 %

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

[2] After-tax CSM reflects taxation at the relevant statutory rate, subject to a minimum rate of 15%, where applicable.

The Company's financial leverage ratio at December 31, 2025 was 28% compared to 29% at the end of 2024. This reduction was primarily due to the repayment of US$500 million senior notes in the third quarter of 2025, growth in equity from retained earnings and the impact of currency movement and growth of non-participating CSM, excluding segregated funds.

Liquidity

	As at December 31, 2025			As at December 31, 2024		
	On-balance sheet assets	**Non-liquid/ Pledged**	**Net liquid assets**	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
Cash, cash equivalents and short-term bonds						
Cash and cash equivalents[1]	$ 8,902	$ 258	$ 8,644	$ 10,709	$ 339	$ 10,370
Short-term bonds[2]	7,931	272	7,659	5,429	348	5,081
Sub-total	$ 16,833	$ 530	$ 16,303	$ 16,138	$ 687	$ 15,451
Other assets and marketable securities						
Government bonds[2]	$ 41,953	$ 10,141	$ 31,812	$ 40,928	$ 11,293	$ 29,635
Corporate bonds[2]	124,584	62,531	62,053	120,757	59,688	61,069
Stocks[1]	21,515	7,172	14,343	18,826	6,126	12,700
Mortgage loans[1]	36,873	34,048	2,825	38,879	36,089	2,790
Sub-total	$ 224,925	$ 113,892	$ 111,033	$ 219,390	$ 113,196	$ 106,194
Net liquid assets	$ 241,758	$ 114,422	$ 127,336	$ 235,528	$ 113,883	$ 121,645

[1] Refer to the consolidated balance sheet in the Company's December 31, 2025 and December 31, 2024 annual consolidated financial statements for on-balance sheet amounts.

[2] Total short-term bonds, government bonds and corporate bonds as at December 31, 2025 was $174.5 billion ($167.1 billion at December 31, 2024). Refer to the consolidated balance sheet in the Company's December 31, 2025 annual consolidated 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 assets that can be converted to cash in less than 12 months to adequately settle obligations as they come due. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At December 31, 2025, the Company and its operating subsidiaries held liquid cash, cash equivalents and short-term bonds of $16.3 billion ($15.5 billion at December 31, 2024) and other liquid assets and marketable securities of $111.0 billion ($106.2 billion at December 31, 2024). Included in the cash, cash equivalents and short-term bonds at December 31, 2025 was $2.1 billion ($2.2 billion at December 31, 2024) held at the Lifeco holding company level which includes cash at Great-West Lifeco U.S. LLC, the Company's U.S. holding company. In addition, the Company maintains committed lines of credit with Canadian chartered banks and other revolving credit agreements in the U.S. for potential unanticipated liquidity needs, if required. Refer to note 7(b) in the Company's December 31, 2025 annual consolidated financial statements for additional detail.

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

As a holding company, the Company's ability to pay dividends and, in part, its ability to deploy capital is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company. During 2025, the Company's main operating subsidiaries made cash payments to the holding company in the form of dividends amounting to $4.7 billion ($4.0 billion in 2024).

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 "Market and Liquidity Risk" section under "Risk Management" for additional information.

Cash Flows

Cash flows

	For the three months ended December 31		For the twelve months ended December 31	
	2025	2024	**2025**	2024
Cash flows relating to the following activities:				
Operations	$ (315)	$ 2,000	$ 2,708	$ 4,751
Financing	(1,385)	(515)	(4,322)	(2,285)
Investment	(41)	(5)	(56)	(408)
	(1,741)	1,480	(1,670)	2,058
Effects of changes in exchange rates on cash and cash equivalents	(93)	342	(137)	534
Increase (decrease) in cash and cash equivalents in the period	(1,834)	1,822	(1,807)	2,592
Cash and cash equivalents, beginning of period	10,736	8,887	10,709	8,117
Cash and cash equivalents, end of period	$ 8,902	$ 10,709	$ 8,902	$ 10,709

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

In the fourth quarter of 2025, cash and cash equivalents decreased by $1,834 million from September 30, 2025.

- Cash flows used by operations activities was $315 million, a change of negative $2,315 million compared to the fourth quarter of 2024. The change was primarily driven by net cash movements in portfolio investments, partially offset by net changes in insurance, investment and reinsurance contract assets and liabilities.
- Cash flows used by financing activities was $1,385 million, a change of negative $870 million compared to the fourth quarter of 2024. The change was primarily due to common shares repurchased and cancelled partially offset by the increase in lines of credit of subsidiaries. The current period cash movement includes $0.9 billion of share repurchases.

- Cash flows used by investment activities was $41 million, a change of $36 million compared to the fourth quarter of 2024. The change was primarily due to investments in associates and joint ventures, net of distributions.

For the twelve months ended December 31, 2025, cash and cash equivalents decreased by $1,807 million from December 31, 2024.

- Cash flows provided by operations activities were $2,708 million, change of negative $2,043 million compared to the same period last year, primarily due to the same reasons as the in quarter period.
- Cash flows used by financing activities of $4,322 million, a change of negative $2,037 million were primarily due to common shares repurchased and the repayment of senior notes in 2025, partially offset by the issuance of preferred shares and the use of lines of credit in subsidiaries. The current year cash movement includes $1.6 billion of share repurchases, $0.7 billion repayment of a senior note upon maturity and the issuance of $200 million of preferred shares.
- Cash flows used by investment activities was $56 million, a change of $352 million compared to the same period last year. The change was primarily due to contributions to investments in associates and joint ventures, net of distributions.

Commitments/Contractual Obligations

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

	Payments due by period						
As at December 31, 2025	**Total**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**Over 5 years**
1) Debentures and other debt instruments	$ 8,416	$ 805	$ 548	$ 1,011	$ 857	$ 600	$ 4,595
2) Lease obligations	407	64	60	53	44	42	144
3) Purchase obligations	462	210	115	65	35	24	13
4) Credit-related arrangements							
(a) Contractual commitments	7,391	7,066	194	46	28	—	57
(b) Letters of credit	see note 4(b) below						
5) Pension contributions	264	264	—	—	—	—	—
Total contractual obligations	$ 16,940	$ 8,409	$ 917	$ 1,175	$ 964	$ 666	$ 4,809

1) Refer to note 18 in the Company's December 31, 2025 annual consolidated financial statements. Excluded from debentures and other debt instruments are unamortized transaction costs.

2) For a further description of the Company's lease obligations (presented on a net value basis), refer to note 20 in the Company's December 31, 2025 annual consolidated financial statements.

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

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

(b) Letters of credit (LC) are written commitments provided by a bank. The total amount of LC facilities is US$1,723 million of which US$889 million were issued as of December 31, 2025.

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

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

A total of US$689 million has been issued to subsidiaries or branches of Canada Life and the additional US$70 million has been issued to Great-West Life & Annuity Insurance Company of South Carolina.

The remaining US$130 million has been issued to external parties. Clients residing in the United States are required pursuant to their insurance regulations to obtain LCs issued on the Company's behalf from approved banks in order to further secure the Company's obligations under certain reinsurance contracts.

5) Pension contributions include funding estimates for defined benefit pension plans, defined contribution pension plans and other post-employment plans. These contributions are subject to change, as contribution decisions are affected by many factors including market performance, regulatory requirements and management's ability to change funding policy. Funding estimates beyond 2026 are excluded due to the significant variability in the assumptions required to project the timing of future contributions.

Return on Equity (ROE)

	Dec. 31 2025	Dec. 31 2024 (Restated)
Base ROE[1] by segment		
United States	20.1 %	18.1 %
Canada	17.2 %	17.1 %
Europe	18.8 %	16.1 %
Capital and Risk Solutions	42.8 %	42.2 %
Lifeco base ROE excluding Corporate[1]	20.9 %	19.3 %
Consolidated base ROE[1]	18.2 %	17.5 %
ROE - continuing operations[2] by segment		
United States	18.3 %	15.8 %
Canada	17.2 %	19.7 %
Europe	11.2 %	15.9 %
Capital and Risk Solutions	38.2 %	32.3 %
Lifeco ROE excluding Corporate - continuing operations[2]	18.2 %	18.6 %
Consolidated ROE - continuing operations[2]	15.5 %	16.7 %

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

[2] 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 tracks allocated capital required by each segment on a standalone basis.

- Lifeco's consolidated base ROE as at December 31, 2025 increased by 0.7 percentage points compared to December 31, 2024. The increase was primarily due to higher base earnings, offset by higher average equity over the trailing four quarters ended December 31, 2025.
- Lifeco's consolidated ROE as at December 31, 2025 decreased by 1.2 percentage points compared to December 31, 2024. The decrease was primarily due to lower net earnings and higher average equity over the trailing four quarters ended December 31, 2025.

Ratings

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

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

During 2025, the existing credit ratings for Lifeco and its major operating subsidiaries were unchanged. As of December 31, 2025, all agency outlooks for Lifeco’s rated entities were unchanged at stable.

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

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

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

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

Risk Management

Risk Management Overview

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

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

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

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

Enterprise Risk Management Framework

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

Risk Culture

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

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

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

Risk Governance

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

Board of Directors

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

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

Risk Committee

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

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

- Reviewing and approving the Own Risk and Solvency Assessment (ORSA) Report.
- Periodically approving the Recovery Plan Playbook.
- Reviewing and monitoring of compliance with the Company's Code of Conduct and evaluating the Company's risk culture.
- Periodically considering and providing input on the relationships between risk and compensation.
- Approving the organizational and reporting structures, budget and resources of the Risk and Compliance functions.
- Reviewing and recommending to the Board for approval the appointment and/or removal of the CRO and the CCO, with input from the President and Chief Executive Officer and the Board Chair, as appropriate.

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

Audit Committee

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

Conduct Review Committee

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

Governance and Nominating Committee

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

Human Resources Committee

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

Investment Committee

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

Reinsurance Committee

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

Senior Management Risk Committees

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

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

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

Management Accountabilities

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

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

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

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

Risk Appetite Framework

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

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

Risk Strategy

The Company's purpose is to help its customers achieve financial security and well-being, build stronger, more inclusive and financially secure futures. Effective and efficient risk management is key to achieving these aims. This is achieved by:

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

- Driving profitable growth while maintaining a strong balance sheet to generate returns and enhance shareholder value.

Risk Appetite Statement

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

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

Risk Preference

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

Risk Limit Framework

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

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

Risk Processes

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

Risk Identification, Measurement and Management

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

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

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

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

Risk Monitoring, Reporting and Escalation

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

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

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

Risk Infrastructure and Policies

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

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

Principal Risk Categories

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

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

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

Market and Liquidity Risk

Market risk is the potential for loss due to changes in market rates and prices – including interest rates and spreads, real estate values, foreign exchange rates, and equity prices. This risk stems from business activities including investment transactions that result in both on-balance sheet and off-balance sheet exposures.

Liquidity risk is the risk that the Company may be unable to generate sufficient funds to meet its obligations – including off-balance sheet commitments – as they come due.

Market and Liquidity Risk Management

The Company's Market & Liquidity Risk Policy establishes the framework and guiding principles for managing market and liquidity risks. This policy is supported by detailed policies and guidelines.

A robust governance structure underpins the management of these risks. Business units – including the Investment Division – are the ultimate owners of market and liquidity risk and are responsible for identifying, measuring, managing, monitoring and reporting these risks. The Company has established risk limits and other measures to provide for alignment with the Company's RAF. The Risk Function collaborates with business units and oversight functions to identify current and emerging risks and take appropriate action when necessary.

Oversight is provided by a senior management committee, which reviews and recommends risk limits, policies, compliance matters, and mitigation strategies. Each business segment also maintains its own oversight and operating committees to manage market and liquidity risks within its scope.

As a consequence of its business model, the Company is exposed to market and liquidity risks and seeks to mitigate them wherever practical. A broad range of risk mitigation techniques – including derivatives-based hedging – are used to manage

market risks. Hedging strategies include product-level hedging, tactical portfolio hedging and macro hedging programs. To manage liquidity risk, the Company maintains a high-quality, diversified investment portfolio with sufficient liquidity to meet policyholder and financial obligations under both normal and stressed conditions.

Details of risks and related risk management activities within the broader market and liquidity risk categories are provided in the sections that follow.

Interest Rate and Spread Risk

Interest rate and spread risk refers to the potential loss due to changes in future interest rates or credit spreads that affect cash flows of assets relative to liabilities as well as assets backing surplus. This risk also includes changes in the amount and timing of cash flows due to product features, including interest rate guarantees and book value surrender benefits in the liabilities.

The Company is primarily exposed to interest rate and spread risk through certain general fund and segregated fund products. Products with fixed and predictable benefit payments create exposure if asset returns do not match liability obligations. Products with less predictable payments add complexity.

The Company's Asset Liability Management (ALM) strategy is designed to mitigate interest rate and spread risks associated with general fund products, with the general approach being to match asset cash flows with insurance and investment contract obligations. Products with similar risk profiles are grouped together, and the supporting asset portfolios are structured to match the characteristics of the related liabilities, such as cash flow patterns, crediting strategies, and other product features.

For products with fixed and highly predictable benefit payments, the Company typically invests in fixed income assets or investment properties that closely match the timing and amount of liability cash flows. Where assets are not available to match certain cash flows, such as long-term obligations, a portion are invested in equities and other non-fixed income assets. Hedging instruments are also employed when there is a lack of suitable permanent investments or to manage the level of exposure to interest rate changes.

For products with less predictable timing of benefit payments, the Company invests in fixed income assets with shorter durations than the expected timing of payments, or in equities and other non-fixed income assets. The risks from mismatches in duration, asset prepayments, and the pace of asset acquisition are regularly measured and reviewed.

For certain general fund products, the account values of the underlying policies increase through the application of crediting rates, or through policyholder dividends. Crediting rates and policyholder dividends are set taking into account interest rate and spread risk, and many of these products share risks and returns with policyholders. The Company mitigates interest rate and spread risk through investment strategies and product design. The Company also maintains a high quality, diversified and liquid investment portfolio with a distribution of asset maturities by year.

A rapid rise in interest rates or spreads may adversely affect the Company if it needs to dispose of fixed income securities to meet contractual surrender benefits. Surrender terms are clearly defined in contracts. For group contracts, the terms depend on whether the exit is initiated by a plan or a plan participant, and on the nature of the exit. For example, plan terminations may be subject to delay conditions, and discretionary withdrawals may have market value adjustments for exits payable immediately. Additionally, a rapid rise in interest rates may lead to additional regulatory capital requirements in certain circumstances, depending on the extent of the increase. The Company uses reinsurance to partially offset this risk for some products.

A prolonged low-interest rate environment may adversely impact the Company's earnings and capital and could impact its business strategy. In such environments, new fixed income investments typically yield less, reducing investment income. Hedging costs may also increase, and early repayment on investments such as mortgage-backed securities, asset-backed securities and callable bonds, could force reinvestment at lower yields, further reducing investment income. Additionally, lower interest rates increase capital requirements for guaranteed products (e.g., Canada participating products), with sensitivity to market movements increasing as rates decrease. The Company may also be required to make payments to satisfy guarantees (e.g., on products with guaranteed minimum crediting rates). The Company uses hedging strategies to partially offset this risk.

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

For products with benefits or expenses linked to inflation – such as inflation-indexed annuities, pensions, or disability claims – the Company manages risk through product design features like inflation caps and floors and by investing in index-linked and real return instruments.

Non-Fixed Income Risk

Non-Fixed Income (NFI) risk refers to the potential loss from changes in the level or the volatility of asset prices such as public and private equity, and real estate. The Company's main exposure to equity risk arises from three sources: direct equity investments, equity guarantee risk, and equity fee income risk associated with assets under management.

For very long-dated liabilities, it is not practical to match cash flows closely using fixed-income investments. In these cases, the Company aims to achieve long-term investment returns sufficient to meet liability obligations by backing them with a diversified asset portfolio. This portfolio may include equities, real estate, and long-dated fixed-income instruments. To manage the associated equity risk, the Company adheres to approved investment and risk policies, which permit general fund investments in equity markets within defined limits.

Product design plays a key role in managing equity guarantee risk. The Company carefully considers pricing, terms, and guarantees during product development. Most of the equity guarantees offered through segregated fund products are well out of the money, reflecting low risk profile (e.g., low level of guarantees, diversified age mix). Further, fee revenue is influenced by asset values, which can fluctuate as equity and other NFI markets move.

The Company has several product-level hedging programs to manage equity risk relating to products with guaranteed minimum benefits or investment guarantees. These programs use derivative instruments, such as short positions in equity index futures, to protect against changes in the economic value of liabilities. Hedge portfolios are regularly rebalanced within approved thresholds and rebalancing criteria.

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

Real estate risk is another component of NFI risk. Losses can result from changes in the value or expected cash flows of the Company's real estate investments. This risk affects both general fund assets and segregated fund investments. The Company's real estate exposure comes from direct property holdings and from fixed income instruments backed by real estate, such as mortgages and mortgage-backed securities. These investments are well diversified by asset type, property type and geographic location, and are generally concentrated in high-quality properties.

Foreign Exchange Risk

Foreign exchange risk refers to the potential for loss due to fluctuations in currency exchange rates relative to the Company's reporting currency. To mitigate this risk, the Company typically aligns the currency of general fund investments with that of the corresponding insurance and investment contract liabilities, either directly or through the use of derivatives, such as forward contracts and cross-currency swaps.

The Company also holds net investments in foreign operations, meaning its revenues, expenses and income denominated in foreign currencies are subject to exchange rate fluctuations. These fluctuations affect financial results. The Company is particularly exposed to the U.S. dollar through its U.S. operations, including Empower and the Reinsurance business unit within the Capital and Risk Solutions segment. Exposure to the British pound and euro arises from business lines within the Europe and Capital and Risk solutions segments.

Under IFRS, foreign currency gains and losses on net investments in foreign operations – after hedging and taxes – are recorded in accumulated other comprehensive income (loss). Changes in the Canadian dollar compared to the U.S. dollar, British pound and euro at period-end affect total share capital and surplus, as well as book value per share and capital ratios monitored by rating agencies.

- A 5% appreciation (depreciation) of the average exchange rate of the Canadian dollar relative to each of the U.S. dollar, euro and British pound would decrease (increase) net earnings in 2025 by $114 million, $35 million and $23 million, respectively.
- A 5% appreciation (depreciation) of the Canadian dollar end-of-period market rate compared to each of the U.S. dollar, British pound and euro would decrease (increase) the unrealized foreign currency translation gains, in accumulated other comprehensive income (loss) by approximately $603 million, $114 million and $78 million, respectively, as at December 31, 2025.

To manage this volatility, the Company may use forward foreign currency contracts and foreign currency denominated debt to hedge net investments in foreign operations.

The Company employs non-GAAP financial measures, such as constant currency calculations, to help communicate the impact of currency fluctuations on financial results.

Liquidity Risk

Liquidity risk is the potential inability of the Company to generate sufficient funds to meet its obligations as they come due.

The Company's liquidity risk management framework and limits are designed to ensure it can meet cash and collateral commitments under both normal conditions and periods of severe liquidity stress.

In a stress scenario, additional liquidity demands may arise from increased policyholder withdrawals (refer to the "Interest Rate and Spread Risk" section of this document for additional details), derivative collateral demands, reinsurance obligations and loan renewals. The Company maintains a low appetite for liquidity risk and actively seeks to mitigate it.

Liquidity risk is managed through product design, maintaining adequate high-quality liquid assets (HQLA), ensuring sufficient eligible collateral for derivative transactions, and retaining access to committed banking facilities to cover unexpected payments. Effective matching of asset and liability cashflows reduces reliance on HQLA and banking facilities for unanticipated outflows, such as higher-than-expected claims or policy lapses.

Approximately 67% of the Company's insurance and investment contract liabilities (excluding liabilities held on account of segregated fund policyholders) are subject to discretionary withdrawal. These liabilities primarily relate to U.S. general account and Canadian participating account businesses. U.S. pension products sold to employee benefit plan sponsors include contract provisions with certain restrictions on withdrawals. While plan participants can redeem at their account value, the Company retains the right to apply market value adjustments or delay payments for most plan sponsor terminations. Participating account policies provide lifetime insurance coverage, which is forfeited upon surrender. The Company also maintains a high quality, diversified investment portfolio with staggered maturities to support liquidity needs. For segregated funds, contract terms are generally structured to mitigate liquidity risk from discretionary withdrawals.

For further details on the Company's financial instrument risk management policies, refer to note 7 of the Company's December 31, 2025 annual consolidated financial statements.

Credit Risk

Credit risk refers to the potential loss resulting from a counterparty's inability or refusal to meet its contractual obligations or when the counterparty's credit rating deteriorates. Defaults, impairments, or downgrades in the investment portfolio may lead to realized or unrealized losses and higher asset default provisions, negatively affecting the Company's earnings and capital position.

Credit risk arises whenever funds are extended, committed or invested through formal or implied agreements. Key components of credit risk include: loan loss/principal risk, pre-settlement/replacement risk and settlement risk. Credit exposures stem from various counterparties, including issuers, borrowers, brokers, policyholders, reinsurers, derivative counterparties and guarantors.

The Company's primary credit exposure comes from investments in fixed income securities (including government and corporate bonds, commercial and residential mortgages, structured securities, and private loans/funds), which support policyholder liabilities. Additional exposure arises from financial contracts, such as reinsurance and derivatives, used to manage insurance and market risks or as part of core business operations. These exposures are incorporated into the Company's risk profile.

Credit Risk Management

The Company's credit risk management framework is designed to minimize risk through diversification, internal credit analysis, and active monitoring. Diversification is achieved by setting concentration limits across asset classes, issuers, credit ratings, industries, and geographies. All transactions follow established approval protocols. Credit risk is regularly assessed against the RAF, including stress testing to evaluate potential impacts under adverse scenarios.

A structured governance model supports credit risk oversight. Business units, such as Investment Management, are responsible for identifying, measuring, managing, monitoring and reporting credit risk. Oversight is provided by a senior management committee that reviews exposures, sets risk limits and monitors compliance. Each business segment maintains its own oversight and operating committees to manage credit risk. The Company enforces risk limits and other measures to align with its RAF.

The Company has also established specific policies, including Investment Policies with investment limits for each asset class, and a Credit Risk Policy that defines the credit risk management framework. Additional supporting policies and guidelines provide detailed operational guidance.

Credit risk is identified through an internal risk rating system, which assesses an obligor's creditworthiness based on business risks, financial profile, structural considerations and security characteristics including seniority and covenants. Ratings follow a scale aligned with external rating agencies and Company policies are designed to ensure internal ratings do not exceed the highest ratings provided by select independent rating agencies.

The Risk Function reviews and approves ratings for new investments and monitors the appropriateness of ratings for existing exposures. It also assigns key credit risk parameters including probability of default, rating transition rates, loss given default, and exposure at default, to quantify the Company's overall credit risk profile.

To manage risk, the Risk Function sets limits, conducts stress and scenario testing (both stochastic and deterministic), and monitors alignment with the RAF. Credit risk reports are regularly provided to executive management, the Board Risk Committee and other governance bodies. Investment Management and the Risk Function jointly monitor exposures against limits and manage any excesses. Investment Management conducts ongoing surveillance of credit outlooks and performs regular reviews of obligors and counterparties, combining bottom-up credit analysis with top-down macroeconomic and industry assessments. Watch lists are maintained for obligors experiencing heightened credit stress to support timely risk mitigation.

Counterparty Risk

Counterparty risk arises from exposures to reinsurers and derivative counterparties.

- **Reinsurance** is used to mitigate insurance risk but introduces credit risk if a reinsurer fails to meet its obligations. The Company regularly assesses reinsurers' financial strength, guided by minimum standards set in the Reinsurance Risk Management Policy. To manage this risk, the Company promotes diversification and seeks collateral, or funds withheld arrangements where feasible.
- **Derivative contracts** are primarily used to manage market risk. Derivative counterparty risk refers to the potential loss if a counterparty defaults. The Company trades derivatives through exchanges or with counterparties approved by the Board or Investment Committee. Risk is mitigated through counterparty diversification and collateral arrangements. Potential future exposures are included in the Company's total exposure calculations and monitored against single-name limits.

Insurance Risk

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

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

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

Insurance Risk Management

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

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

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

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

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

Mortality and Morbidity Risk

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

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

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

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

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

Longevity Risk

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

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

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

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

Policyholder Behaviour Risk

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

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

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

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

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

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

Expense Risk

Expense risk refers to the potential for loss due to unexpected changes in expenses related to fee-for-service business or the servicing and maintenance of insurance, savings or reinsurance contracts. This includes direct expenses and allocations of overhead costs. This risk can arise from general economic conditions, unexpected increases in inflation, slower than anticipated growth, or a reduction in productivity leading to increases in unit expenses. Expense risk occurs in products where the Company cannot or will not pass increased costs onto the client and will manifest itself in the form of an insurance contract liability increase or a reduction in expected future profits.

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

Property & Casualty Risk

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

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

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

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

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

Operational Risk

Operational risk refers to the risk of loss due to issues with internal processes, people, and systems or from external events. This risk can arise from normal day-to-day operations or unexpected incidents and can lead to material financial losses and reputational impacts. The Company's operations require multiple processes, systems and stakeholders to interact across the enterprise on an ongoing basis and as such, operational risk is a natural feature of the Company's business model that cannot be fully eliminated.

Effective operational risk management mitigates risks such as, but not limited to, technology, business continuity, physical security, fraud, and third-party risk, and strengthens the Company's operational resilience, enabling it to successfully deliver critical services through disruption. Operational resilience emphasizes preparation, response, recovery, learning and adaptation by assuming singular or simultaneous disruptions, will occur.

Operational Risk Management

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

The Company has processes in place to identify, measure, manage, monitor and report these risks.

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

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

The Company uses a combination of operational risk management methods, including risk and control assessments, risk event analyses and scenario testing. Risk and control assessments systematically identify potential operational risks and associated controls, while internal and external risk events are analyzed to identify root causes and recognize new potential risks and industry trends. Scenario analysis supports the identification and quantification of hypothetical but severe operational risk exposures. RFIs, risk appetite preferences, and other processes are leveraged to measure, manage and monitor operational risks.

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

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

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

Technology Risk

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

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

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

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

Business Continuity Risk

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

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

Physical Security Risk

Physical security risk is the risk of damage or loss that may arise from natural, technological, or malicious threats, actions or events involving people and physical assets. A physical asset risk management framework has been implemented to manage physical security risks. This framework takes an integrated cross functional approach that involves multiple processes, systems, and stakeholders working together to protect physical assets and the safety of individuals.

Business Processing

Business processing risk is the risk of loss resulting from inadequate or failed business processing, governance or general process management relating to claims and benefits, client administration, financial transactions, investment management, change management, new and renewal business, and product development and introduction.

Business processing is an inherent part of the business and the Company acts to manage and mitigate risks through the establishment of a robust control environment to underpin its resilience.

Reporting Risk

Reporting risk is the risk of loss or material misstatement resulting from inadequate or uncompleted reporting. The inadequacy can arise in processing, governance, oversight, communication or general management.

Reporting risk is an inherent part of the business and the Company takes steps to manage and mitigate risks through the establishment of a robust control environment for core processes that support the effective disclosure of information to both internal and external stakeholders.

Fraud Risk

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

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

Third-Party Risk

Third-party risk is the risk of loss due to a third-party failing to provide goods, services, business activities, protect data or systems or otherwise exposing the Company to negative outcomes. This risk applies to external third parties and internal arrangements between entities.

The Company strategically engages third parties to maintain cost efficiency, optimize internal resources and capital and access skills, expertise and resources not otherwise available. Third-party engagements follow the principles outlined in the

Company's Third-party Risk Management Policy. The Company uses a risk management framework and mitigation activities, such as risk assessments and due diligence, to manage and monitor third-party risk throughout the third-party lifecycle, including how they meet service standards and protect stakeholders and the interests of the Company.

Legal and Regulatory Compliance Risk

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

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

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

People Risk

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

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

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

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

Conduct Risk

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

Conduct Risk Management

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

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

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

Strategic Risk

Strategic risk is the risk of failing to set, or meet, appropriate strategic objectives in the context of the internal and external operating environment, exposing the Company to material business, financial or reputational impacts.

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

Strategic Risk Management

The Company's strategic risk management framework is designed to identify, measure, manage, monitor and report on strategic risk, supported by policies, standards and guidelines across both first and second lines of defense.

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

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

Key risks related to strategic risk management and the Company's approach to managing them are outlined below.

Strategic Positioning Risk

Strategic Positioning Risk is the risk of failing to define or maintain strategies that will be effective in generating intended value and achieving the Company's long-term vision. The risk of poor positioning of the Company's strategy to generate intended value might arise from inadequate or ineffective decision-making governance, external influences such as industry dynamics, regulatory changes, or competitors' moves, or changes in domestic or international economic and political factors.

The Company seeks to build appropriate optionality and diversification into strategic decisions in order to timely address changing external and internal dynamics and remain resilient to disruptive forces. The Company actively manages Strategic Positioning Risk through governance, appropriate alignment of resources and capabilities, robust strategic risk management processes, and decision-making mechanisms focused on optimizing value creation and portfolio outcomes.

Strategic Execution Risk

Strategic Execution Risk is the risk of failing to effectively implement initiatives critical to the execution of business strategy and achieve intended value. The risk of ineffective execution of strategic initiatives may arise from inadequate or ineffective change management and governance, or it may stem from insufficient monitoring of and responsiveness to external factors impacting project delivery.

To manage this risk, the Company has implemented, and continues to enhance on an ongoing basis, processes for oversight of program delivery, ensuring effective change governance and planning, capability and capacity alignment. Through these processes, the Company drives effective delivery of strategic initiatives, with monitoring and risk oversight.

Geopolitical Risk

Geopolitical risk is the risk of financial loss, operational disruption or strategic uncertainty arising from political, economic and social developments across the jurisdictions in which the Company operates or invests. These risks may manifest through changes in government leadership or policy, shifts in regulatory frameworks, trade restrictions or sanctions, armed conflict, civil unrest, terrorism and broader geopolitical tensions that can impact market stability, supply chains and investor confidence where the Company operates.

In the current environment, the Company continues to monitor the evolving implications of recent geopolitical conflicts, including heightened tensions in key regions, the reconfiguration of global trade alliances and the potential for increased regulatory scrutiny.

Other Risks

Sustainability Risk

Sustainability risk refers to the potential loss or other negative impacts resulting from environmental, social or governance factors. This includes the risk of loss or negative impacts from the inability or failure to adequately prepare for the transition to a lower-carbon economy or the physical impacts of a changing environment, or from the failure to develop and maintain strategies to manage the business in response to changes in social factors. The Company recognizes that attitudes towards environmental and social issues are dynamic and continue to evolve.

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

The Company approaches climate-related risk as an investor and a fiduciary, recognizing its responsibility to act prudently and in the interests of its policyholders and shareholders. As the world and customers' expectations evolve, the Company adapts to meet future needs. The dynamic implications of climate-related risks are relevant to the Company's enterprise risk management and investment strategies. This includes understanding material climate-related risks and identifying potential opportunities that arise in the transition to a lower-carbon economy.

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

Holding Company Structure Risk

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

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

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

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

Mergers, Acquisitions and Divestments Risk

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

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

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

Tax Regime Risk

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

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

The 15% Global Minimum Tax (GMT) regime has been in effect since 2024 and applies to all countries in which the Company has significant operations. The Company will file its first GMT information and top-up-tax returns in 2026, in respect of the

2024 tax year. The GMT is complex in nature and applies to Lifeco as part of a larger group of related companies. There is a risk that future legislative changes, administrative guidance or interpretative differences between countries may result in unanticipated tax liabilities, compliance costs or operational challenges.

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

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

Product Distribution Risk

Product distribution risk is the risk of loss if the Company is unable to effectively promote and deliver its products through its network of distribution channels and intermediaries. These channels, comprising broker-dealers, managing general agencies, financial planners, banks and other financial institutions, play a critical role in connecting the Company's offerings with end customers. However, many of these intermediaries distribute competing products and operate independently, with no contractual obligation to continue representing the Company's products.

Product distribution risk may arise from several factors, including the loss of access to key distribution partners, deterioration in intermediary relationships, shifts in consumer preferences, consolidation within the distribution landscape or the emergence of new digital platforms that disrupt traditional models. Failure to adapt to these changes or maintain competitive positioning within distribution networks could impact the Company's sales volumes, market share and long-term growth prospects.

To mitigate this risk, the Company maintains a diversified and resilient distribution strategy. This includes cultivating strong relationships across a broad network of intermediaries, offering a competitive and differentiated product suite, and investing in training, support, and digital tools to enhance distributor engagement.

Country Risk

Country risk is the risk that economic and political influences in a country could result in financial loss and/or loss of reputation for the Company. Sources of country risk can arise from on-balance sheet or off-balance sheet exposures including, but not limited to, invested assets, insurance liabilities, and operations such as mergers & acquisitions, outsourcing, offshoring, and data transfer.

Country risk management is the ongoing process of formulating, implementing, monitoring, and revising strategies related to country risk. In particular, the Company measures the risk exposure to a given country based on an internal risk rating methodology (supplemented by external rating agency ratings) and monitors tail risk associated with investment and reinsurance exposures against approved country-specific limits.

Exposures and Sensitivities

Insurance and Investment Contract Liabilities

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

Non-Financial Exposures and Sensitivities

The earnings and CSM sensitivities illustrated in the table below represent impacts as at December 31, 2025 under the Company's current accounting policies, including accounting for insurance contracts and financial instruments. A description of the methodologies used to calculate the Company's insurance risk sensitivities is included in the "Summary of Critical Accounting Estimates" section of this document.

Non-Financial Exposures and Sensitivities

	Net earnings & equity		CSM[1]	
	Before reinsurance	Net of reinsurance held	Before reinsurance	Net of reinsurance held
December 31, 2025				
2% Life mortality increase	$ (225)	$ (200)	$ (225)	$ (75)
2% Annuity mortality decrease	200	175	(750)	(625)
5% Morbidity adverse change	(150)	(150)	(225)	(100)
5% Expense increase	(25)	—	(125)	(125)
10% Adverse change in policy termination and renewal	(225)	(150)	(675)	(725)
December 31, 2024				
2% Life mortality increase	$ (100)	$ (100)	$ (350)	$ (175)
2% Annuity mortality decrease	200	175	(725)	(650)
5% Morbidity adverse change	(150)	(125)	(200)	(100)
5% Expense increase	—	—	(125)	(150)
10% Adverse change in policy termination and renewal	(50)	—	(850)	(850)

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

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

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

Concentration risk may arise from geographic regions, accumulation of risks and market risk. The concentration of insurance risk before and after reinsurance by geographic region is described in the segmented information (note 33) in the Company's annual consolidated financial statements for the year ended December 31, 2025.

Financial Exposures and Sensitivities

The following table illustrates the approximate impact to the Company's shareholders' net earnings that would arise as a result of changes to management's best estimate of certain assumptions. A description of the methodologies used to calculate the Company's financial risk sensitivities is included in the "Summary of Critical Accounting Estimates" section of this document. For changes in financial assumptions, the sensitivity is shown net of the corresponding impact on earnings of the change in the value of liabilities and the value of assets supporting liabilities. The sensitivities to shareholders' net earnings, shareholders' equity and CSM to changes in financial assumptions shown below have been rounded to the nearest $25 million.

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

Financial exposures and sensitivities

	Shareholders' net earnings		Shareholders' equity		CSM[1]		LICAT[2]	
	Dec. 31 2025	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024
Investment returns:								
Change in risk free interest rates								
50 basis points increase	$ 25	$ 125	$ —	$ 75	$ 25	$ 50	(1 point)	(1 point)
50 basis points decrease	(50)	(150)	(25)	(125)	(75)	(100)	< 1 point	< 1 point
Change in credit spreads								
50 basis points increase	$ 150	$ 250	$ 225	$ 325	$ —	$ 50	< (1 point)	0 point
50 basis points decrease	(200)	(300)	(300)	(400)	(50)	(75)	0 point	< (1 point)
Change in publicly traded common stock values[1]								
20% increase	$ 75	$ 100	$ 500	$ 525	$ 400	$ 450	0 point	(1 point)
10% increase	50	50	250	250	200	225	0 point	< (1 point)
10% decrease	(50)	(50)	(250)	(250)	(200)	(225)	< (1 point)	< 1 point
20% decrease	(75)	(100)	(525)	(525)	(400)	(425)	(1 point)	< (1 point)
Change in other non-fixed income asset values[3]								
10% increase	$ 550	$ 425	$ 600	$ 475	$ 25	$ —	< 1 point	1 point
5% increase	275	225	300	250	—	—	0 point	< 1 point
5% decrease	(300)	(225)	(325)	(250)	—	—	< (1 point)	< (1 point)
10% decrease	(600)	(450)	(650)	(500)	(25)	—	(1 point)	(1 point)

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

2 LICAT sensitivities should be viewed as directional estimates only of the underlying sensitivities for the respective factors. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on the Canada Life consolidated LICAT Ratio will be as indicated.

3 Sensitivities to other non-fixed income asset values as at December 31, 2025 reflect a refinement in methodology, not a change to the underlying exposure to other non-fixed income assets. Prior to the refinement, the +10%/+5%/-5%/-10% sensitivities were +$425/+$200/-$225/-$475 for shareholders' net earnings, and +$475/+$225/-$250/-$525 for shareholders' equity, respectively. CSM and LICAT sensitivities were not impacted by the change.

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 sensitivities above reflect the immediate impacts of shareholders' net earnings, shareholders' equity and the LICAT ratio from market movements. If there is a sustained change in investment markets, impacts on earnings, shareholders' equity and the LICAT ratio will change over time, due to a combination of factors including the impact of a sustained change on the run-rate of base earnings.

The additional sensitivities below illustrate the approximate impact to the Company's base earnings that would be estimated to arise over a 12-month period as a result of immediate changes to risk-free interest rates and publicly traded common stock values. The sensitivities below are primarily reflected in asset-based fee income for the Company's Retirement and Wealth lines of business, earnings on surplus and general account spread margins. The sensitivities below assume no subsequent changes in interest rates and that equity markets achieve their expected returns thereafter. Under sustained changes to investment markets, impacts to asset reinvestments, and certain management actions and changes in policyholder behaviours are likely to occur, and are not reflected in the below sensitivities.

The estimated impacts, rounded to the nearest $25 million, for the initial 12 months after the immediate change in interest rates and equity markets (impacts beyond this period may differ) would be as follows:

- A 50 basis points immediate parallel decrease (increase) in risk-free interest rates would decrease (increase) the Company's base earnings by approximately $75 million.
- A 10% immediate decrease (increase) in publicly traded common stock values would decrease (increase) the Company's base earnings by approximately $225 million.

The potential impact on shareholders' net earnings of the Company does not take into account any future potential changes to the Company's ultimate investment rate (UIR) assumptions. As at both December 31, 2025 and December 31, 2024, 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 $10 million or a decrease of $10 million post-tax, respectively, when rounded to the nearest $10 million. In addition, as at December 31, 2025 and December 31, 2024, the sensitivity of the CSM of the Company to a 10 basis point

increase or decrease in the UIR in all geographies would be an increase of $50 million or a decrease of $50 million pre-tax, respectively, when rounded to the nearest $25 million.

Refer to the "Accounting Policies - Summary of Critical Accounting Estimates" section of this document for additional information on earnings sensitivities.

Accounting Policies

Summary of Critical Accounting Estimates

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

Fair Value Measurement

Refer to note 8 in the Company’s annual consolidated financial statements for the year ended December 31, 2025 for disclosure of the Company's financial instruments fair value measurement by hierarchy level as at December 31, 2025.

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

Bonds - FVTPL and FVOCI

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

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

Mortgages - FVTPL and FVOCI

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

Equity Release Mortgages - FVTPL

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

Stocks - FVTPL and FVOCI

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

Investment Properties

Fair values for investment properties are determined using independent qualified appraisal services and include management adjustments for material changes in property cash flows, capital expenditures or general market conditions in the interim period between appraisals. The determination of the fair value of investment property requires the use of estimates including future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount,

reversionary and overall capitalization rates applicable to the asset based on current market conditions. Investment property under construction is valued at fair value if such values can be reliably determined; otherwise they are recorded at cost.

Goodwill and Intangibles Impairment Testing

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

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

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

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

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

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

Expected Credit Losses (ECL)

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

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

Performing financial assets that have not experienced a significant increase in credit risk since initial recognition or have low credit risk are categorized into stage 1. A 12-month ECL allowance is calculated for stage 1 financial assets. To assess if credit risk has increased significantly, the Company compares the risk of default at initial recognition to the risk as at the current reporting date.

Performing financial assets that have experienced a significant increase in credit risk since initial recognition are categorized into stage 2. A lifetime ECL allowance is calculated for stage 2 financial assets. Financial assets are assessed for a significant increase in credit risk on an individual basis, utilizing the Company’s internal credit risk rating system and the monitoring of timely payments on the assets. Financial assets that have contractual payments more than 30 days past due are generally presumed to have experienced a significant increase in credit risk and are included in stage 2. A financial asset in stage 2 can revert to stage 1 if the credit risk subsequently improves.

Impaired financial assets are categorized into stage 3 and require a lifetime ECL allowance. Financial assets are reviewed regularly on an individual basis to determine impairment status. The Company considers various factors in the impairment evaluation process, including, but not limited to, the financial condition of the issuer, specific adverse conditions affecting an industry or region, decline in fair value not related to interest rates, bankruptcy or defaults, and delinquency in payments of interest or principal. Financial assets are deemed to be impaired when there is objective evidence that timely collection of future cash flows can no longer be reliably estimated. The fair value of a financial asset is not a definitive indicator of impairment, as it may be significantly influenced by other factors including the remaining term to maturity and liquidity of the asset; however, market price is taken into consideration when evaluating impairment.

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

Insurance, Reinsurance Held and Investment Contract Liabilities

In the computation of insurance contract liabilities, valuation assumptions have been made regarding rates of mortality/morbidity, investment returns, levels of operating expenses, rates of policy termination and rates of utilization of elective policy options or provisions. The valuation assumptions use best estimates of future experience together with a risk adjustment for non-financial risk. The risk adjustment for non-financial risk represents the compensation that the Company requires for

bearing uncertainty in the amount and timing of insurance contract cash flows due to non-financial risk. Risk adjustments for non-financial risk are reviewed periodically for continued appropriateness.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For a further description of the Company's sensitivity to equity market, interest rate and other fluctuations, refer to "Financial Instruments Risk Management" note 7 in the Company's annual consolidated financial statements for the year ended December 31, 2025.

Risk Adjustment

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

Discount Rates

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

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

In cases where the insurance contract liabilities are not backed by assets, the Company applies the bottom-up approach to set the discount rate. This approach uses a risk-free rate, plus a spread to reflect the liquidity characteristics of the liability. Risk-free rates are determined by reference to highly liquid government securities in the currency of the insurance contract liability, and the spread is derived from an external benchmark.

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

As at December 31, 2025		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	2.9 %	3.6 %	4.0 %	4.4 %	4.5 %	4.9 %
	Upper	3.9 %	4.6 %	5.0 %	5.4 %	5.5 %	5.4 %
USD	Lower	4.1 %	4.4 %	4.9 %	5.8 %	5.6 %	5.1 %
	Upper	4.6 %	4.9 %	5.4 %	6.3 %	6.2 %	5.4 %
EUR	Lower	2.5 %	2.9 %	3.4 %	3.9 %	4.2 %	4.6 %
	Upper	3.2 %	3.7 %	4.1 %	4.7 %	4.8 %	4.7 %
GBP	Lower	4.1 %	4.5 %	5.1 %	5.8 %	5.9 %	4.5 %
	Upper	4.8 %	5.2 %	5.9 %	6.6 %	6.6 %	5.3 %

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

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

Income Taxes

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

The Company undertakes tax planning strategies to achieve tax efficiencies. The uncertainty associated with these strategies is regularly assessed and appropriate provisions are maintained for uncertain tax positions. Accordingly, the provision for income taxes represents management's interpretation of the relevant income tax laws and its estimate of current and deferred income tax balances for the period. Deferred income tax assets and liabilities are measured using expected future income tax rates and management's assumptions regarding the expected timing of the reversal of temporary differences.

The Company has substantial deferred income tax assets, the recognition of which depends on management's determination that future earnings will be sufficient to realize the deferred benefit. The amount recorded represents management's best estimate of the realization of these assets.

The audit and review activities of tax authorities may affect the ultimate determination of income taxes payable or receivable, deferred income tax balances and income tax expense. As a result, there can be no assurance that income taxes will be payable as anticipated or that the amount and timing of receipt or use of the income tax related assets will align with current expectations. Management's experience indicates that taxation authorities are increasingly pursuing perceived tax issues more aggressively and dedicating greater resources to these efforts.

Employee Future Benefits

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

pension plans provide pension benefits based on accumulated employee and employer contributions. The Company's subsidiaries also provide post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependents. These plans are also closed to new entrants. For further information on the pension plans and other post-employment benefits refer to note 26 in the Company's December 31, 2025 annual consolidated financial statements.

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

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

Actuarial assumptions - employee future benefits
At December 31

	Defined benefit pension plans		Other post-employment benefits	
	2025	2024	**2025**	2024
Actuarial assumptions used to determine benefit cost				
Discount rate - past service liabilities	4.5%	4.4%	4.7 %	4.7%
Discount rate - future service liabilities	4.8%	4.6%	5.7 %	5.0%
Rate of compensation increase	3.4%	3.4%	—	—
Future pension increases[1]	2.0%	2.1%	—	—
Actuarial assumptions used to determine defined benefit obligation				
Discount rate - past service liabilities	4.9%	4.5%	4.8 %	4.7%
Rate of compensation increase	3.3%	3.4%	—	—
Future pension increases[1]	2.0%	2.0%	—	—
Medical cost trend rates				
Initial medical cost trend rate			4.7 %	4.7%
Ultimate medical cost trend rate			4.1 %	4.1%
Year ultimate trend rate is reached			2039	2039

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

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

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

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

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

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

	1% increase		1% decrease	
	2025	2024	**2025**	2024
Defined benefit pension plans:				
Impact of a change to the discount rate	$ (720)	$ (787)	$ 899	$ 997
Impact of a change to the rate of compensation increase	145	170	(133)	(154)
Impact of a change to the rate of inflation	335	344	(296)	(304)
Other post-employment benefits:				
Impact of a change to assumed medical cost trend rates	$ 13	$ 15	$ (12)	$ (13)
Impact of a change to the discount rate	(20)	(22)	24	26

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

The calculation of the defined benefit obligation is also sensitive to the mortality assumptions. The effect of a one-year increase in life expectancy would be an increase in the defined benefit obligation of $172 million ($174 million in 2024) for the defined benefit pension plans and $7 million ($6 million in 2024) for other post-employment benefits.

Funding – The Company's subsidiaries have both funded and unfunded pension plans as well as other post-employment benefit plans that are unfunded. The Company's subsidiaries' funded pension plans are funded to or above the amounts required by relevant legislation. During the year, the Company's subsidiaries contributed $239 million ($224 million in 2024) to the pension plans and made benefit payments of $19 million ($21 million in 2024) for post-employment benefits. The Company's subsidiaries expect to contribute $245 million to the pension plans and make benefit payments of $19 million for post-employment benefits in 2026.

International Financial Reporting Standards

Due to the evolving nature of IFRS, there are a number of IFRS changes impacting the Company in 2025, as well as standards that could impact the Company in future reporting periods. The Company actively monitors future IFRS changes proposed by the International Accounting Standards Board (IASB) to assess if the changes to the standards may have an impact on the Company's results or operations.

Changes in Accounting Policies

The Company adopted the amendments to IFRS Accounting Standards for IAS 21, *The Effects of Changes in Foreign Exchange Rates* effective January 1, 2025. The adoption of these amendments did not have a material impact on the Company's financial statements.

New Standard	Summary of Future Changes
IFRS 18 – *Presentation and Disclosure in Financial Statements*	In April 2024, the IASB published IFRS 18, *Presentation and Disclosure in Financial Statements* (IFRS 18). The standard aims to improve how companies communicate information in their financial statements, with a focus on information about financial performance in the statement of earnings. IFRS 18 will require companies to: • Provide defined subtotals in the statement of earnings; • Disclose information for any management-defined performance measures related to the statement of earnings; and • Implement principles for the grouping of information in the financial statements, and whether to provide it in the primary financial statements or notes. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is evaluating the impact of the adoption of this standard.
IFRS 9 – *Financial Instruments* and IFRS 7 – *Financial Instruments: Disclosures*	In May 2024, the IASB published amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures. The amendments clarify the classification of financial assets with environmental, social and corporate governance and similar features, the settlement of liabilities through electronic payment systems, and introduce additional disclosure requirements to enhance transparency for investors. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Company does not anticipate an impact on its consolidated financial statements as a result of these amendments, except indicated below: • The Company will apply the election permitted by the amendments to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be derecognized before the settlement date if specified criteria are met. The Company will apply this election to all settlements made through electronic payment systems meeting the criteria, effective January 1, 2026. • For cash settlement of financial liabilities not qualified for the election, at each period-end, the Company will derecognize the associated liabilities on settlement date. The Company expects the adoption of these amendments will not have a material impact on the Company's financial statements. These amendments will be applied retrospectively with no restatement to comparative balances.

For additional detail, refer to note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2025.

Other Information

Summary of Earnings Reclassifications

Summary of earnings reclassifications between operating segments and Corporate segment - Q4 2024

	United States	Canada	Europe	Capital and Risk Solutions	Corporate	Total
Base earnings - Q4 2024 presentation	$ 367	$ 321	$ 231	$ 223	$ (27)	$ 1,115
Reclassifications:						
Expenses (pre-tax)	8	16	11	4	(39)	—
Financing charges (pre-tax)	53	37	25	6	(121)	—
Taxes	(28)	(12)	(7)	(1)	48	—
Other impacts:						
PanAgora (after-tax)	(1)	—	—	—	1	—
Franklin Templeton share dividends (after-tax)	(14)	—	—	—	14	—
U.S. legacy insurance portfolios (after-tax)	(5)	—	—	—	5	—
GLWB product (after-tax)	1	—	—	—	(1)	—
Total reclassifications	14	41	29	9	(93)	—
Base earnings - Q4 2024 reclassified	381	362	260	232	(120)	1,115
Total items excluded from base earnings - Q4 2024 presentation	(63)	15	79	(29)	(1)	1
Total items excluded from base - reclassifications	15	—	—	—	(15)	—
Total items excluded from base earnings - Q4 2024 reclassified	(48)	15	79	(29)	(16)	1
Net earnings from continuing operations	$ 333	$ 377	$ 339	$ 203	$ (136)	$ 1,116

Summary of earnings reclassifications between operating segments and Corporate segment

For the twelve months ended December 31, 2024	United States	Canada	Europe	Capital and Risk Solutions	Corporate	Total
Base earnings - presentation	$ 1,336	$ 1,262	$ 829	$ 818	$ (53)	$ 4,192
Reclassifications:						
Expenses (pre-tax)	27	53	35	17	(132)	—
Financing charges (pre-tax)	206	153	103	26	(488)	—
Taxes	(105)	(50)	(21)	(5)	181	—
Other impacts:						
PanAgora (after-tax)	5	—	—	—	(5)	—
Franklin Templeton share dividends (after-tax)	(65)	—	—	—	65	—
U.S. legacy insurance portfolios (after-tax)	(4)	—	—	—	4	—
GLWB product (after-tax)	8	—	—	—	(8)	—
Total reclassifications	72	156	117	38	(383)	—
Base earnings - reclassified	1,408	1,418	946	856	(436)	4,192
Total items excluded from base earnings - presentation	(218)	222	(16)	(200)	31	(181)
Total items excluded from base - reclassifications	39	—	—	—	(39)	—
Total items excluded from base earnings - reclassified	(179)	222	(16)	(200)	(8)	(181)
Net earnings from continuing operations	$ 1,229	$ 1,640	$ 930	$ 656	$ (444)	$ 4,011

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 annual consolidated financial statements. The annual 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 and other impacts, when removed, assist in explaining the Company's underlying business performance, including 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;
- 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.

Effective for the third quarter of 2025, Lifeco has updated the label previously referred to as "Business Transformation Impacts" to "Business Transformation and Other Impacts" to enhance clarity on the components of this item. This change does not affect the underlying calculation or results presented.

Lifeco

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024
Base earnings	$ 1,245	$ 1,115	$ 4,649	$ 4,192
Items excluded from Lifeco base earnings				
Market experience relative to expectations (pre-tax)	$ (84)	$ 59	$ (266)	$ 286
Income tax (expense) benefit	23	(21)	50	(72)
Assumption changes and management actions (pre-tax)	(28)	21	(100)	(210)
Income tax (expense) benefit	1	(5)	13	61
Business transformation and other impacts (pre-tax)	(91)	(34)	(353)	(143)
Income tax (expense) benefit	18	4	93	31
Amortization of acquisition-related finite life intangibles (pre-tax)	(49)	(51)	(198)	(200)
Income tax (expense) benefit	13	14	50	52
Tax legislative changes and other tax impacts (pre-tax)	—	—	—	—
Income tax (expense) benefit	—	14	22	14
Total pre-tax items excluded from base earnings	$ (252)	$ (5)	$ (917)	$ (267)
Impact of items excluded from base earnings on income taxes	55	6	228	86
Net earnings from continuing operations	$ 1,048	$ 1,116	$ 3,960	$ 4,011
Net earnings (loss) from discontinued operations (post-tax)	—	—	—	(115)
Net gain from disposal of discontinued operations (post-tax)	—	—	—	44
Net earnings - common shareholders	$ 1,048	$ 1,116	$ 3,960	$ 3,940

United States

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings	$ 440	$ 381	$ 1,582	$ 1,408
Items excluded from base earnings				
Market experience relative to expectations (pre-tax)	$ (1)	$ (6)	$ (9)	$ (4)
Income tax (expense) benefit	1	—	2	—
Assumption changes and management actions (pre-tax)	17	—	17	—
Income tax (expense) benefit	(3)	—	(3)	—
Business transformation and other impacts (pre-tax)	(14)	(19)	(71)	(91)
Income tax (expense) benefit	4	5	16	22
Amortization of acquisition-related finite life intangibles (pre-tax)	(36)	(37)	(145)	(143)
Income tax (expense) benefit	9	9	36	37
Tax legislative changes and other tax impacts (pre-tax)	—	—	—	—
Income tax (expense) benefit	—	—	11	—
Net earnings from continuing operations	$ 417	$ 333	$ 1,436	$ 1,229
Net earnings (loss) from discontinued operations (post-tax)	—	—	—	(115)
Net gain from disposal of discontinued operations (post-tax)	—	—	—	44
Net earnings - common shareholders	$ 417	$ 333	$ 1,436	$ 1,158

Canada

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings	$ 400	$ 362	$ 1,462	$ 1,418
Items excluded from base earnings				
Market experience relative to expectations (pre-tax)	$ 38	$ 16	$ 182	$ 202
Income tax (expense) benefit	(8)	(7)	(51)	(58)
Assumption changes and management actions (pre-tax)	1	—	45	157
Income tax (expense) benefit	—	—	(12)	(44)
Business transformation and other impacts (pre-tax)	(1)	(5)	(197)	(41)
Income tax (expense) benefit	1	1	54	10
Amortization of acquisition-related finite life intangibles (pre-tax)	(7)	(6)	(26)	(25)
Income tax (expense) benefit	1	2	7	7
Tax legislative changes and other tax impacts (pre-tax)	—	—	—	—
Income tax (expense) benefit	—	14	—	14
Net earnings - common shareholders	$ 425	$ 377	$ 1,464	$ 1,640

Europe

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings	$ 256	$ 260	$ 1,023	$ 946
Items excluded from base earnings				
Market experience relative to expectations (pre-tax)	$ (71)	$ 55	$ (342)	$ 23
Income tax (expense) benefit	15	(9)	73	(4)
Assumption changes and management actions (pre-tax)	(9)	26	(30)	(45)
Income tax (expense) benefit	1	(6)	6	12
Business transformation and other impacts (pre-tax)	(75)	23	(146)	22
Income tax (expense) benefit	14	(6)	30	(5)
Amortization of acquisition-related finite life intangibles (pre-tax)	(4)	(6)	(20)	(24)
Income tax (expense) benefit	1	2	4	5
Tax legislative changes impact (pre-tax)	—	—	—	—
Income tax (expense) benefit	—	—	11	—
Net earnings - common shareholders	$ 128	$ 339	$ 609	$ 930

Capital and Risk Solutions

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings	$ 258	$ 232	$ 965	$ 856
Items excluded from base earnings				
Market experience relative to expectations (pre-tax)	$ (29)	$ (23)	$ (53)	$ 54
Income tax (expense) benefit	10	(2)	14	(8)
Assumption changes and management actions (pre-tax)	(35)	(5)	(63)	(296)
Income tax (expense) benefit	1	1	6	50
Business transformation and other impacts (pre-tax)	(3)	—	(12)	—
Income tax (expense) benefit	1	—	4	—
Net earnings - common shareholders	$ 203	$ 203	$ 861	$ 656

Corporate

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	**Dec. 31 2025**	Dec. 31 2024 (Restated)
Base earnings (loss)	$ (109)	$ (120)	$ (383)	$ (436)
Items excluded from base earnings (loss)				
Market experience relative to expectations (pre-tax)	$ (21)	$ 17	$ (44)	$ 11
Income tax (expense) benefit	5	(3)	12	(2)
Assumption changes and management actions (pre-tax)	(2)	—	(69)	(26)
Income tax (expense) benefit	2	—	16	43
Business transformation and other impacts (pre-tax)	2	(33)	73	(33)
Income tax (expense) benefit	(2)	4	(11)	4
Amortization of acquisition-related finite life intangibles (pre-tax)	(2)	(2)	(7)	(8)
Income tax (expense) benefit	2	1	3	3
Net earnings (loss) - common shareholders	$ (125)	$ (136)	$ (410)	$ (444)

Base earnings - pre-tax

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

Lifeco

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024	**Dec. 31 2025**	Dec. 31 2024
Base earnings (pre-tax)	$ 1,497	$ 1,362	$ 5,641	$ 5,222
Items excluded from Lifeco base earnings (pre-tax)				
Market experience relative to expectations (pre-tax)	$ (84)	$ 59	$ (266)	$ 286
Assumption changes and management actions (pre-tax)	(28)	21	(100)	(210)
Business transformation and other impacts (pre-tax)	(91)	(34)	(353)	(143)
Amortization of acquisition-related finite life intangibles (pre-tax)	(49)	(51)	(198)	(200)
Total pre-tax items excluded from base earnings	$ (252)	$ (5)	$ (917)	$ (267)
Participating account	51	31	(29)	26
Earnings before income taxes	$ 1,296	$ 1,388	$ 4,695	$ 4,981

Assets under administration (AUA), assets under management or advisement (AUMA), assets under administration only (AUAO) and client assets

Assets under administration, assets under management or advisement and client assets are non-GAAP financial measures. These measures provide an indication 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 assets under management or advisement (AUMA), assets under administration only (AUAO), the total of which is total client assets, and other balance sheet assets.

Client assets represents the total client assets under management or advisement plus assets under administration only for the Company's Retirement and Wealth lines of business.

Client assets are classified as AUMA where the Company earns a fee for one or more of the following services: investment management services for proprietary funds or institutional assets, discretionary portfolio management on behalf of clients, and/or the provision of financial advice. AUMA relate to the Company's Retirement and Wealth lines of business only.

Refer to the "Glossary" section of this document for the definition of AUAO.

Other balance sheet assets include insurance contract assets, reinsurance contract assets, goodwill and intangible assets, other assets, as well as the portion of invested assets and investments on account of segregated fund policyholders not included within total client assets.

Lifeco[1]

	Dec. 31 2025	Dec. 31 2024 (Restated)
Assets under administration		
Assets under management or advisement	$ 1,136,256	$ 1,006,384
Assets under administration only[2]	2,181,321	2,026,945
Total client assets	$ 3,317,577	$ 3,033,329
Other assets on balance sheet	231,388	232,969
Total assets under administration	$ 3,548,965	$ 3,266,298
of which: Total balance sheet assets	862,828	802,163
of which: Invested assets	250,051	243,785

[1] Total Lifeco assets under administration includes assets under management related to PanAgora included in the Corporate segment.

[2] Refer to the "Glossary" section of this document for additional detail regarding this metric.

United States

	Dec. 31 2025	Dec. 31 2024 (Restated)
Assets under administration		
Assets under management or advisement	$ 570,634	$ 507,615
Assets under administration only[1]	2,173,061	2,019,475
Total client assets	$ 2,743,695	$ 2,527,090
Other assets on balance sheet	47,250	56,602
Total assets under administration	$ 2,790,945	$ 2,583,692
of which: Total balance sheet assets	358,912	342,253
of which: Invested assets	89,945	89,768

[1] Refer to the "Glossary" section of this document for additional detail regarding this metric.

Canada

	Dec. 31 2025	Dec. 31 2024 (Restated)
Assets under administration		
Assets under management or advisement	$ 214,765	$ 194,456
Assets under administration only[1]	2,942	2,888
Total client assets	$ 217,707	$ 197,344
Other assets on balance sheet	113,210	108,628
Total assets under administration	$ 330,917	$ 305,972
of which: Total balance sheet assets	241,841	226,873
of which: Invested assets	102,100	98,262

[1] Refer to the "Glossary" section of this document for additional detail regarding this metric.

Europe

	Dec. 31 2025	Dec. 31 2024 (Restated)
Assets under administration		
Assets under management or advisement	$ 290,863	$ 256,126
Assets under administration only[1]	5,318	4,582
Total client assets	$ 296,181	$ 260,708
Other assets on balance sheet	59,234	56,031
Total assets under administration	$ 355,415	$ 316,739
of which: Total balance sheet assets	250,381	221,329
of which: Invested assets	46,795	44,321

[1] Refer to the "Glossary" section of this document for additional detail regarding this metric.

Run-rate insurance results

This metric is a non-GAAP financial measure and represents the expected earnings on long term business and the run rate on short term or fee business. Taken together, this is an indicator of the recurring revenue of the business. It is calculated by adding short-term insurance earnings, risk adjustment release and CSM recognized for services provided.

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 capital generation** - This measure is expressed as a percentage of base earnings and provides a view of capital generated or consumed by the business above the Company's internal operating target level for capital. Base capital generation is calculated as base earnings plus the organic CSM and risk adjustment (RA) movements, if applicable, less the change in required capital related to new business and the run-off of in-force business at the Company's internal operating target level. These items exclude the impact of participating business and the conceptually similar items as those excluded from base earnings.
  - Organic CSM movement refers to CSM (excluding participating products), plus impact of new insurance business, plus expected movements from asset returns and locked-in rates, plus CSM recognized for services provided, plus insurance experience gains and losses.
- **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.
- **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 income tax rates for common shareholders.
- **Efficiency ratio** - Calculated on a trailing four quarter basis as pre-tax non-par base operating and administrative expenses divided by the sum of pre-tax base earnings and pre-tax non-par base operating and administrative expenses.
- **Financial Leverage Ratio** - Calculated as the aggregation of 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.
- **Pre-tax base operating margin** - Pre-tax operating earnings expressed as a percentage of fee and spread income.
- **Price/base earnings ratio** - The Company's closing share price divided by its base earnings per share on a trailing four quarter basis.
- **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.

Glossary

- **Asset-based fee income -** Represents fee income earned that is directly tied to the level of client assets under advisement, management or administration; including segregated fund products.
- **Asset-based expenses and commissions** - Represents the variable expenses (such as asset-based commissions & bonuses, managed account expenses, sub-advisor and fund manager costs) incurred when generating fee and other income
- **Assets under administration only (AUAO)** - Client assets are classified as AUAO 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. Assets included in AUAO are not included in AUMA.
- **Assets under administration (AUA), assets under management or advisement (AUMA) and client assets** are non-GAAP financial measures. See definitions in Non-GAAP Measures and Ratios section.
- **Assumption changes and management actions** - The net earnings impact of: (i) revisions to the methodologies and assumptions used in the measurement of the Company's assets, insurance contract liabilities and investment contract liabilities, and (ii) actions taken by management in the current reporting period which include, but are not limited to, changes in in-force product features (including prices), and new or revised reinsurance deals on in-force business. Assumption changes and management actions are excluded from base earnings.

- **Average client assets** - Calculated as the average of the opening and ending balances of client assets during the reporting period using daily balances where available and monthly or quarterly balances when daily balances are unavailable.
- **Business transformation and other impacts** - Business transformation and other impacts include acquisition and divestiture costs as well as restructuring and integration costs.
- **Book value per common share** - Measure is calculated by dividing Lifeco's common shareholders' equity by the number of common shares outstanding at the end of the period.
- **Contractual service margin (CSM)** - The CSM of a group of insurance contracts represents the unearned profit that the Company expects to recognize in the future as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfillment cash flows, any derecognized assets for insurance acquisition cash flows, and any cash flows arising at that date is a net inflow, the group of contracts is non-onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no net income or expenses arising on initial recognition.
- **Common shareholders' equity** - A financial measure comprised of the following items from Lifeco's balance sheet: share capital - common shares, accumulated surplus, accumulated other comprehensive income and contributed surplus.
- **Dividend payout ratio** - Dividends paid to common shareholders are divided by net earnings - common shareholders.
- **Drivers of earnings (DOE)** - Drivers of earnings analysis provides additional detail on the primary sources of Lifeco's earnings and is a consistent presentation across Canadian insurance industry peers. The DOE view presents net earnings attributable to common shareholders, comprising base earnings on a DOE basis and items excluded from base earnings. For base insurance service result, the DOE view provides detail on expected insurance earnings, the impact of new business and experience gains and losses. For base net investment result, the DOE view provides detail on expected investment earnings, credit experience, trading activity and earnings on surplus. Base other income and expenses are presented separately in the DOE view with additional detail on net fee and spread income, non-directly attributable and other expenses, income taxes on base earnings, non-controlling interests, preferred dividends and other items.
- **Financial leverage ratio** - Defined as debt, hybrid securities, and preferred shares divided by total consolidated capitalization. The denominator also includes the after-tax non-participating CSM balance in the denominator, other than CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT.
- **General Measurement Model (GMM)** - The Company applies this measurement model to all insurance contracts not measured under the PAA or VFA measurement models.
- **Gross operating and administrative expenses** - Gross operating and administrative expenses is a non-GAAP financial measure, which excludes certain insurance-related expenses, commissions and sub-advisory fees.
- **Group Benefits in-force premiums (insured)** - Represents the value of in-force premiums at the end of the reporting period where Lifeco underwrites the insurance risks of a group benefits solution. The Company may express the period-over-period net change in group life and health book premiums excluding the impact of foreign currency translation, which represents the net impact of new sales, terminations and organic growth of in-force business for the period.
- **Group Benefits fee and other income (ASO & other fee-based products)** - Represents administrative services only (ASO) and other fee-based income where clients self-insure the products and the Company administers it on their behalf, and other ancillary services.
- **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.

	Year ended	
	December 31, 2025	December 31, 2024
United States dollar	1.39	1.40
British pound	1.85	1.79
Euro	1.62	1.49

- **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 asset flows** - Indicator of the Company's ability to attract and retain business. Net asset flows are measured by the following:
  - Canada net asset flows include cash inflows and outflows related to segregated fund assets and proprietary and non-proprietary mutual funds.
  - Europe net asset 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 asset 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 asset 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".
- **Net fee and spread income** - Fee and spread income less asset-based expenses and commissions.
- **Non-par base operating and administrative expenses** - Non-participating base operating and administrative expenses exclude business transformation costs and other expenses that are excluded from base earnings.
- **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 fee income** - Represents other fee income earned that is not directly tied to the level of client assets; and the total base insurance service result related to unit-linked, unitized with profits and variable annuity products offered by the Wealth line of business.
- **Premium Allocation Approach (PAA)** - The Company applies this measurement model to contracts with coverage periods of one year or less and those that are relatively stable and have low variability in fulfillment cash flows. Low variability in fulfillment cash flows indicates that no significant difference in measurement exists when compared to the general measurement model (GMM).
- **Price/book value ratio** - The Company's closing share price divided by its book value per share.
- **Price/earnings ratio** - The Company's closing share price divided by its net earnings per share on a trailing four quarter basis.
- **Return on equity (ROE) - continuing operations** - Net earnings from continuing operations for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Sales** - Sales are measured according to product type:
  - For risk-based Insurance & Annuities products, sales include 100% of single premium and annualized premiums expected in the first twelve months of the plan.
  - Group Benefits (insured) sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies on business where the Company underwrites the insurance risks of a group benefits solution.
  - Group Benefits (ASO & other fee-based products) sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies where clients self-insure the products and the Company administers it on their behalf, and other ancillary services.

- **Segmented common shareholders' equity** - The Company has a capital allocation methodology which tracks allocated capital required by each segment on a standalone basis.

  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. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available.

- **Spread income** - Represents spread income earned on general account investment products which represents the difference between earned rates and rates credited to clients; and other net investment income.

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

Selected Annual Information

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

	For the years ended December 31		
	2025	2024	2023
Total revenue[1]	$ 43,976	$ 39,797	$ 41,629
Earnings			
Base earnings[2]	4,649	4,192	3,667
Net earnings from continuing operations	3,960	4,011	2,862
Net earnings - Common Shareholders	3,960	3,940	2,738
Earnings per common share			
Basic - base earnings[3]	5.03	4.50	3.94
Basic - net earnings from continuing operations	4.29	4.30	3.07
Basic - net earnings	4.29	4.23	2.94
Diluted - base earnings[3]	5.01	4.48	3.93
Diluted - net earnings from continuing operations	4.26	4.29	3.07
Diluted - net earnings	4.26	4.21	2.93
Total assets under administration			
Assets under management or advisement (AUMA)[2]	$ 1,136,256	$ 1,006,384	$ 895,412
Assets under administration only (AUAO)[4]	2,181,321	2,026,945	1,592,992
Total client assets[2]	3,317,577	3,033,329	2,488,404
Other assets on balance sheet	231,388	232,969	202,570
Discontinued operations	—	—	161,566
Total assets under administration[4]	3,548,965	3,266,298	2,852,540
Total liabilities	$ 829,825	$ 769,509	$ 683,379
Dividends paid per share			
Series G First Preferred	1.3000	1.3000	1.3000
Series H First Preferred	1.21252	1.21252	1.21252
Series I First Preferred	1.1250	1.1250	1.1250
Series L First Preferred	1.41250	1.41250	1.41250
Series M First Preferred	1.450	1.450	1.450
Series N First Preferred[5]	0.437252	0.437252	0.437252
Series P First Preferred	1.350	1.350	1.350
Series Q First Preferred	1.2875	1.2875	1.2875
Series R First Preferred	1.200	1.200	1.200
Series S First Preferred	1.312500	1.312500	1.312500
Series T First Preferred	1.2875	1.2875	1.2875
Series Y First Preferred	1.1250	1.1250	1.1250
Series Z First Preferred[6]	0.3826	—	—
Common	2.440	2.220	2.080

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

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

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

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

5 The Series N First Preferred Share dividend was reset at the end of 2020 to a five year fixed dividend rate of 1.749% per annum which applied until December 30, 2025. Starting on December 31, 2025, the rate was reset to a five year fixed dividend rate of 4.09% or $1.0225 per annum.

6 The Company issued the Series Z Preferred Shares at a dividend rate equal to $1.425 per annum on September 24, 2025. The initial dividend of $0.3826 per share was paid on December 31, 2025.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is: (a) recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation, and (b) accumulated and communicated to the Company's senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2025 and, based on such evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

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

The Company's management, under the supervision of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting based on the 2013 *Internal Control - Integrated Framework* (COSO Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management adopted the revised 2013 COSO Framework in 2015 as the basis to evaluate the effectiveness of Lifeco's internal control over financial reporting.

During the twelve months ended December 31, 2025, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Management evaluated the effectiveness of the Company's internal control over financial reporting as at December 31, 2025 and, based on such evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer have concluded that the Company's internal control over financial reporting is effective and that there are no material weaknesses in the Company's internal control over financial reporting.

Transactions with Related Parties

Relationship with Power Corporation Group of Companies

Lifeco's controlling shareholder is Power Financial Corporation (Power Financial), which is wholly owned by Power Corporation of Canada (Power Corporation) and, ultimately, by the Desmarais Family Residuary Trust. Power Corporation also controls IGM Financial Inc. and its subsidiaries (IGM), Sagard Holdings Inc. (Sagard), a multi-strategy alternative asset manager, Portage Ventures (Portage), a global fintech venture capital investment strategy as well as Power Sustainable Manager Inc. (Power Sustainable), a global multi-platform alternative asset manager. Lifeco and Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM, are investors in Northleaf Capital Partners Ltd. (Northleaf), a global private equity, private credit and infrastructure fund manager. The Company and its subsidiaries invest in funds managed by Sagard, Power Sustainable, Portage and Northleaf. Sagard also provides certain sub-advisory and property management services to the Company and its subsidiaries. Some of these related entities operate in similar or related sectors to those in which Lifeco's subsidiaries operate. A number of the Company's directors are also directors or officers of Power Corporation or one of its affiliates.

Lifeco's relationship with Power Financial, Power Corporation, IGM, Sagard, Portage, Power Sustainable and other members of the Power Corporation group of companies enables Lifeco to access expertise and industry knowledge, achieve economies of scale and access investment opportunities. As a result of these relationships, Lifeco and other members of the Power Corporation group of companies may become aware of opportunities that are also of potential interest to other members of the group and Lifeco may share information for that purpose. Power Corporation and Power Financial from time to time also assist Lifeco to identify and analyze strategic corporate opportunities that may be of potential interest to it. However, Power Corporation and Power Financial have no commitment to Lifeco that would require them or their respective subsidiaries, directors or officers to offer any particular opportunity to Lifeco.

The Company has related party procedures that require, among other things, transactions between the Company and its subsidiaries and any member of the Power Corporation group of companies to be on terms no less favourable than market terms or where there is no open market, on terms that would reasonably be expected to provide at least fair value to the Company. Under the related party procedures, any material related party transactions must be reviewed and approved by a conduct review committee composed entirely of directors who are independent of management and Power Corporation and its affiliates.

Other Transactions with Related Parties

In the normal course of business, subsidiaries of Lifeco enter into various transactions with related companies which include providing insurance benefits and sub-advisory services to other companies within the Power Corporation group of companies. In all cases, transactions were at market terms and conditions.

During the year, Canada Life provided to and received from IGM and its subsidiaries, a member of the Power Corporation group of companies, certain administrative services. Canada Life also provided life insurance, annuity and disability insurance products under a distribution agreement with IGM. All transactions were provided at market terms and conditions.

The Company owns 9,200,407 shares, held through Canada Life, representing a 3.90% ownership interest in IGM. The Company uses the equity method to account for its investment in IGM as it exercises significant influence. In 2025, the

Company recognized $37 million for the equity method share of IGM net earnings and received dividends of $20 million from its investment in IGM.

Segregated funds of the Company were invested in funds managed by IG Wealth Management and Mackenzie Investments. Mackenzie Investments also manages certain of the Company's portfolio investments. The Company also has interests in mutual funds, open-ended investment companies and unit trusts. Some of these funds are sub-advised by related parties of the Company, who are paid sub-advisory fees related to these services. During 2025, the Company and its subsidiaries made additional investments in funds managed by related parties. All transactions were provided at market terms and conditions.

The Company held debentures issued by IGM with a carrying value of $89 million at December 31, 2025 ($90 million at December 31, 2024).

On September 3, 2025, the Toronto Stock Exchange approved an amendment that permitted the Company to purchase its shares from Power Financial Corporation and certain of its wholly-owned subsidiaries (collectively, PFC) in connection with the 2025 NCIB. During 2025, the Company repurchased and subsequently cancelled 12,801,349 common shares held by PFC under the 2025 NCIB at a cost of $768 million. Commencing on January 6, 2026, Lifeco is permitted to repurchase its shares from PFC under the renewed NCIB. See “Capital Structure – Equity – Common Shares” for further details.

Power Corporation also controls Sagard Holdings Inc. (Sagard), a multi-strategy alternative asset manager, Power Sustainable Manager Inc. (Power Sustainable), a global multi-platform alternative asset manager, and Portage Ventures (Portage), a global fintech venture capital investment entity. Lifeco has a minority investment in Sagard and a long-term strategic partnership with Power Sustainable. Lifeco and Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM, are investors in Northleaf Capital Partners Ltd. (Northleaf), a global private equity, private credit and infrastructure fund manager. The Company and its subsidiaries invest in funds and debt instruments managed by Sagard, Power Sustainable, Portage and Northleaf. Sagard also provides certain sub-advisory and property management services to the Company and its subsidiaries.

The Company provides asset management, employee benefits and administrative services for employee benefit plans relating to pension and other post-employment benefits for employees of the Company and its subsidiaries. These transactions were provided at market terms and conditions.

Quarterly Financial Information

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

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Insurance revenue	$ 5,690	$ 5,594	$ 5,551	$ 5,486	$ 5,399	$ 5,292	$ 5,273	$ 5,250
Net investment income	2,611	2,588	2,319	2,335	2,685	2,249	2,409	2,340
Changes in fair value on FVTPL assets	(5)	1,699	954	1,259	(2,981)	6,906	(864)	(1,385)
Fee and other income	2,052	1,984	1,948	1,911	1,952	1,806	1,794	1,672
Total revenue[1]	$ 10,348	$ 11,865	$ 10,772	$ 10,991	$ 7,055	$ 16,253	$ 8,612	$ 7,877
Net earnings from continuing operations[2]								
Total	$ 1,048	$ 1,158	$ 894	$ 860	$ 1,116	$ 859	$ 1,005	$ 1,031
Basic - per share	1.15	1.25	0.96	0.92	1.20	0.92	1.08	1.10
Diluted - per share	1.14	1.25	0.96	0.92	1.19	0.92	1.08	1.10
Net earnings - Common Shareholders								
Total	$ 1,048	$ 1,158	$ 894	$ 860	$ 1,116	$ 859	$ 1,005	$ 960
Basic - per share	1.15	1.25	0.96	0.92	1.20	0.92	1.08	1.03
Diluted - per share	1.14	1.25	0.96	0.92	1.19	0.92	1.08	1.03

1 Total revenue and its components exclude revenue from discontinued operations related to Putnam Investments.

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

Total revenue

Total revenue for the fourth quarter of 2025 was $10.3 billion and comprises insurance revenue of $5.6 billion ($5.4 billion for the same quarter last year), net investment income of $2.6 billion ($2.7 billion for the same quarter last year), fee and other income of $2.1 billion ($2.0 billion for the same quarter last year) and changes in fair value through profit or loss on investment assets of negative $5 million (negative $3.0 billion for the same quarter last year).

Insurance revenue

Insurance revenue for the fourth quarter of 2025 was $5.7 billion, an increase of $0.3 billion compared to the same quarter last year, primarily due to higher earnings from short-term insurance contracts across all segments as well as higher CSM recognized for services provided in the Capital and Risk Solutions and Europe segments.

Total net investment income

Total net investment income, which includes net investment income and changes in fair value on FVTPL assets, for the fourth quarter of 2025 increased by $2.9 billion compared to the same quarter last year.

- The changes in fair value in the fourth quarter of 2025 were immaterial compared to a decrease of $3.0 billion in the fourth quarter of 2024, primarily due to an increase in bonds unrealized gains in Europe and U.S., driven by a decrease in bond yields.
- Net investment income in the fourth quarter of 2025 of $2.6 billion, which excludes changes in fair value through profit or loss, decreased by $0.1 billion compared to the same quarter last year, primarily due to the strengthening of the British pound and euro against the Canadian dollar, offset by an increase of bond income in Canada, Europe and Capital and Risk Solutions.

Fee and other income

Fee and other income for the fourth quarter of 2025 was $2.0 billion, an increase of $0.2 billion compared to the same quarter last year, primarily due to higher assets driven by higher markets across all regions.

Net earnings

Lifeco's consolidated net earnings attributable to common shareholders were $1,048 million for the fourth quarter of 2025 compared to $1,116 million for the same quarter last year. On a per share basis, this represents $1.15 per common share ($1.14 diluted) for the fourth quarter of 2025 compared to $1.20 per common share ($1.19 diluted) a year ago.

Additional Information

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

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