MANAGEMENT'S DISCUSSION AND ANALYSIS

2023

For the year ended
December 31, 2023

GREAT-WEST LIFECO INC.

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Management's Discussion and Analysis

For the period ended December 31, 2023

Dated: February 14, 2024

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This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition, financial performance and cash flows of Great-West Lifeco Inc. (Lifeco or the Company) for the three and twelve months ended December 31, 2023 and includes a comparison to the corresponding periods in 2022, to the three months ended September 30, 2023, and to the Company's financial condition as at December 31, 2022, as applicable. The comparative 2022 periods are restated and audited to reflect the adoption of IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments*. This MD&A provides an overall discussion, followed by analysis of the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe, and Capital and Risk Solutions.

Businesses of Lifeco

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

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

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

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

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

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

Basis of Presentation and Summary of Material Accounting Policies

The consolidated financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023 which reflect the adoption of IFRS 17, *Insurance Contracts*, and IFRS 9, *Financial Instruments* that resulted in the restatement of certain comparative amounts.

Cautionary Note Regarding Forward-Looking Information

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

Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance, mutual fund and retirement solutions industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. In particular, in setting its objective to achieve base earnings growth in the Empower business of 15-20% in 2024, management has assumed the completion of the integration of the Prudential Financial, Inc. (Prudential) business in the first half of 2024, the full realization of pre-tax expense synergies of US$180 million related to the Prudential acquisition by the completion of integration, pre-tax revenue synergies related to the Prudential acquisition of US$20 million by the end of 2024, and that the performance of equity, interest rate and credit markets during the relevant period is consistent with management's expectations, which take into account current market information and assume no credit impairments. In arriving at our preliminary assessment of the Company's potential exposure to Pillar Two income taxes and our expectation regarding the impact on our effective income tax rate and base earnings, management has relied on its interpretation of the relevant legislation. It has also assumed a starting point of its current mix of business and base earnings growth consistent with management's base earnings objectives disclosed in this MD&A. In all cases, whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the ability to integrate and leverage acquisitions and achieve anticipated benefits and synergies, the achievement of expense synergies and client retention targets from the acquisition of the Prudential retirement business, the Company's ability to execute strategic plans and adapt or recalibrate these plans as needed, the Company's reputation, business competition, assumptions around sales, pricing, fee rates, customer behaviour (including contributions, redemptions, withdrawals and lapse rates), mortality and morbidity experience, expense levels, reinsurance arrangements, global equity and capital markets (including continued access to equity and debt markets and credit instruments on economically feasible terms), geopolitical tensions and related economic impacts, interest and foreign exchange rates, inflation levels, liquidity requirements, investment values and asset breakdowns, hedging activities, financial condition of industry sectors and individual issuers that comprise part of the Company's investment portfolio, credit ratings, taxes, impairments of goodwill and other intangible assets, technological changes, breaches or failure of information systems and security (including cyber attacks), assumptions around third-party suppliers, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, changes in actuarial standards, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, unplanned changes to the Company's facilities, customer and employee relations, levels of administrative and operational efficiencies, and other general economic, political and market factors in North America and internationally.

The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates" sections of this document and in the Company's annual information form dated February 14, 2024 under "Risk Factors", which, along with other filings, is available for review at www.sedarplus.com. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information.

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

Important Note Regarding Sustainability Disclosure

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

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

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

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

Cautionary Note Regarding Non-GAAP Financial Measures and Ratios

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

Consolidated Operating Results

Selected consolidated financial information

(in Canadian $ millions, except per share amounts)	As at or for the three months ended **Dec. 31 2023**	Sept. 30 2023	Dec. 31 2022 (Restated)	For the twelve months ended **Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings[1,5]	$ 971	$ 950	$ 894	$ 3,667	$ 3,318
Net earnings from continuing operations[3]	743	936	478	2,862	3,628
Net earnings - common shareholders	740	905	452	2,738	3,596
Per common share					
Basic:					
Base earnings[2,5]	1.04	1.02	0.96	3.94	3.56
Net earnings from continuing operations	0.80	1.01	0.51	3.07	3.89
Net earnings	0.79	0.97	0.48	2.94	3.86
Dividends paid	0.52	0.52	0.49	2.08	1.96
Book value[3]	24.26	24.01	23.28		
Base return on equity[2,5]	16.6 %	16.4 %	15.8 %		
Return on equity - continuing operations[3]	12.4 %	11.2 %	17.2 %		
Base dividend payout ratio[2,5]	50.0 %	51.0 %	51.0 %		
Dividend payout ratio[3]	65.6 %	53.5 %	102.1 %		
Financial leverage ratio[4]	30 %	31 %	33 %		
Total assets per financial statements	$ 713,230	$ 680,010	$ 672,206		
Total assets under management[1,8]	1,095,374	1,032,857	1,003,940		
Total assets under administration[1,8]	2,852,540	2,628,364	2,468,463		
Total contractual service margin (net of reinsurance held)	$ 12,635	$ 13,054	$ 13,123		
Total equity	$ 29,851	$ 29,529	$ 28,795		
Canada Life Assurance Company consolidated LICAT Ratio[6]	128 %	128%			
Canada Life Assurance Company consolidated LICAT Ratio - proforma[7]			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 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

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

4 The calculation for financial leverage ratio includes the after-tax non-participating contractual service margin (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. These ratios are estimates based on available data.

5 Comparative results are restated to exclude net earnings (losses) from discontinued operations related to Putnam Investments.

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

7 Proforma estimates of The Canada Life Assurance Company consolidated LICAT ratio are estimated based on the retrospective application of the 2023 LICAT Guideline to 2022 financial results which have been restated to reflect the adoption of IFRS 17 and IFRS 9. Proforma LICAT ratios are intended only to provide an estimate of the direction and magnitude of the impact of adopting the 2023 LICAT Guideline under IFRS 17. Refer to the Cautionary Notes at the beginning of this document for additional information on the use of proforma estimates.

8 At December 31, 2023, other assets under management included $161.6 billion related to the discontinued operations of Putnam Investments.

Lifeco 2023 Highlights

Financial Performance

- For the twelve months ended December 31, 2023, base earnings per common share were $3.94 compared to $3.56 a year ago, an increase of 11%, reflecting strong business growth and positive investment returns. 2023 base earnings of $3,667 million were up $349 million or 11% compared to 2022 base earnings of $3,318 million. The increase in base earnings year-over-year was driven by organic growth at Empower, the impact of higher average equity markets on net fee and spread income as well as an additional quarter of Prudential-related earnings in the U.S. segment. Higher base earnings in the Capital and Risk Solutions segment was mainly the result of higher structured reinsurance business earnings and a provision for estimated claims related to Hurricane Ian of $128 million in 2022.
- For the twelve months ended December 31, 2023, net earnings per common share decreased 24% to $2.94 compared to the previous year. Market experience relative to expectations decreased by $837 million to negative $307 million compared to 2022, primarily due to large interest rate increases in 2022 which had a significant positive impact. 2023 results also included net business transformation charges and realized losses on the sale of surplus assets measured at fair value through other comprehensive income, primarily in the Europe and U.S. segments.
- For the twelve months ended December 31, 2023, Lifeco's combined quarterly dividends paid to common shareholders increased by 6% to $2.08 per share.
- The Company maintained its strong capital position as evidenced by a Life Insurance Capital Adequacy Test (LICAT) Ratio at December 31, 2023 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%. In conjunction with the transition to IFRS 17 and IFRS 9, the Company made certain asset liability matching (ALM) and accounting policy choices to increase the stability of regulatory capital. As a result, Canada Life's LICAT ratio demonstrated increased stability throughout 2023.
- The Company's financial leverage ratio at December 31, 2023 was 30% compared to 33% in the previous year. This reduction is due to an increase in equity and the repayment of a temporary US$500 million increase in short-term debt financing used to fund the acquisition of the retirement services business of Prudential as well as the repayment of the principal amount of its maturing 2.50% €500 million senior bonds, together with accrued interest.

Medium-Term Financial Objectives

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

The Company has also stated its objective to achieve base earnings growth in Empower of 15-20% in 2024.

Medium-Term Financial Objectives	1-Year Base[1]	5-Year Base[1,2]
8-10% base EPS growth per annum[1]	11%	11% CAGR
16-17% base ROE (IFRS 17)[1,3]	17%	16% average[3]
Target dividend payout ratio 45-55% of base earnings[1]	53%	56% average

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

2 2018 base earnings were calculated by excluding items from net earnings as discussed in the "Non-GAAP Financial Measures and Ratios" section of the Company's Q4 2023 MD&A. In addition, the Company excluded earnings related to the business transferred to Protective Life under an indemnity reinsurance agreement in 2019 to provide a more accurate comparison for the 5-year growth rate. 2018 base earnings were $2,380 million and base earnings per share was $2.41 compared to net earnings of $2,961 million and net earnings per share of $3.00. Items excluded from 2018 base earnings included a positive impact on actuarial assumption changes and management actions of $616 million, a positive impact on market-related impacts on liabilities of $29 million, restructuring costs of $56 million, a legal accrual of $13 million, a net benefit on tax legislative impacts of $5 million and $135 million of earnings related to the business transferred to Protective Life. For purposes of calculating the 5-year growth rate for base EPS under IFRS 17, amortization of acquisition related finite life intangible assets of $41 million after-tax was added back to 2018 base earnings. With this adjustment, 2018 base earnings were $2,286 million and base EPS of $2.31.

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

2023 Developments

As the Company is advancing its business strategy and driving momentum across the portfolio, it is enhancing its reporting and disclosures to provide greater clarity and transparency into how the Company is creating value for shareholders and growing the business. The result is that the Company is evolving the previous value-creation priorities to focus on three key value drivers for its business: Workplace Solutions, Wealth & Asset Management and Insurance & Risk Solutions.

Strategic Highlights and Transactions

The Company announced the following strategic business actions to add scale, grow and extend the Company's businesses.

United States

- Subsequent to December 31, 2023, on January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton", in exchange for Franklin Templeton common shares, cash, and other deferred and contingent consideration. The transaction is not expected to have a material financial impact for Lifeco at close and will be reflected in the first quarter 2024 results. Lifeco will retain its controlling interest in PanAgora Asset Management, a leading quantitative asset manager, and has agreed to retain shares representing approximately 4.9% of outstanding Franklin Templeton stock for a minimum 5-year period.

In addition to the sale, Lifeco, along with Power Corporation of Canada and Franklin Templeton, has entered into a strategic partnership to distribute Franklin Templeton products. Lifeco will provide an initial long-term asset allocation of US$25 billion assets under management[1] to Franklin Templeton within 12 months of closing with the potential for that amount to increase over the next several years.

- In the first quarter of 2023, Empower launched Empower Personal Wealth with an expanded focus on retail wealth management. This new business is working to make money management simpler, clearer, and more accessible by bringing together everything a customer owns and owes in one comprehensive dashboard that they and their advisor can leverage to take control of their personal wealth. The results of the business acquired from Personal Capital are now included within Empower Personal Wealth results.

Canada

- On November 30, 2023, Canada Life completed the previously announced acquisition of Investment Planning Counsel Inc. (IPC), a leading independent wealth management firm, from IGM Financial Inc. (IGM). This acquisition accelerates our strategy of building the leading platform for independent advisors in Canada. With this acquisition, Canada Life is one of the largest non-bank wealth management providers in Canada. Canada Life acquired IPC for a total purchase consideration of $585 million. Transaction and integration costs of $25 million pre-tax are expected over the 18 months following the closing of the acquisition. IGM is an affiliated company and a member of the Power Corporation group of companies.
- On September 8, 2023, Canada Life completed the previously announced acquisition of Value Partners Group Inc. (Value Partners), bringing complementary capabilities that will further extend wealth offerings for advisors and their clients. This acquisition accelerates Canada Life's strategy of building a leading wealth management platform for independent advisors and was financed with existing resources and did not have a material impact on Canada Life's financial position.
- With the acquisitions of Value Partners and IPC, Canada Life is accelerating its vision to establish a leadership position in the Canadian independent advisor wealth market in Canada with more than 4,000 advisor relationships and $102 billion in assets under administration.

Europe

- During the fourth quarter of 2023, the Company undertook several strategic actions to help strengthen its market positions in Europe and enhance the outlook for 2024. The one-time financial impacts of these actions were excluded from base earnings:
  - Following the successful launch of the Company's joint venture, AIB Life in 2023, Irish Life completed the sale to AIB Life of a portfolio of policies previously written under our pre-existing distribution agreement with Allied Irish Banks, p.l.c. (AIB). The transaction resulted in a net gain of $118 million ($127 million of which was recorded in the fourth quarter of 2023). The sale of this portfolio of policies adds to the scale of AIB Life and accelerates the timeline to profitability.
  - The Company recorded provisions of $159 million related to the write-off of intangible assets related to certain information technology systems as well as provisions for staff reductions starting in 2024. The write-off of intangible assets and the provision for staff reductions arose from the following business decisions and activities:
    - Subsequent to December 31, 2023, in the first quarter of 2024, the Company announced its decision to close to new business the Company's U.K. on-shore wealth business.
    - The restructuring provision will support the German business with the implementation of its strategy to create growth through product diversification and an efficiency program leveraging the new administration platform and increased automation using artificial intelligence technologies.
    - The continued implementation of the Company's "one Irish Life" strategy including the build out of digital customer technologies and increased automation in Ireland.
  - An inforce block of U.K. annuity business was reinsured externally on attractive terms, supporting capital efficiency and capacity in this business line. This transaction increases the capacity for new U.K. annuity business in the buoyant U.K. market where $991 million in business was written in the second half of 2023 and strengthened the Company’s position for 2024. The reinsurance transaction resulted in a net gain of $110 million and added approximately one and a half points to Canada Life's LICAT ratio.
- During the first quarter of 2023, Irish Life combined its Irish brands: Invesco Limited, Acumen & Trust and APT Wealth Management under a single wealth management umbrella. The new firm, Unio, brings together three advisory firms into one firm with a common advisory and investment proposition for clients. The new company provides expert advice for thousands of individuals in the Irish market who are currently either under-advised, or need assistance in managing their wealth. Underpinned by a market-leading digital platform, Unio will provide personalized client advice and investment solutions to a growing and underserved population.
- On May 16, 2023, Canada Life U.K. announced an agreement to sell its individual onshore protection business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Approximately 47,000 customer policies will transfer to Countrywide in 2024, subject to the completion of a court-approved transfer. This follows the Canada Life U.K. announcement that it closed onshore individual protection insurance to new business in November 2022.

Capital and Risk Solutions

- The Capital and Risk Solutions segment continued to grow by providing tailored solutions to customers while increasing diversification within the portfolio. In 2023, the Capital and Risk Solutions segment expanded its international presence in targeted new markets, while continuing to focus on core markets and product expansion in Europe, including two transactions in Italy and client base expansion in Asia.

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[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.

Capital Transactions

- The Company's leverage ratio of 30% has decreased by 3 points compared to 33% at December 31, 2022. This reduction in leverage aligns with Management's expectation and is a result of the repayment of short-term debt financing used to fund the acquisition of the retirement services business of Prudential, as described below. On April 18, 2023, the Company repaid the principal amount of its maturing 2.50% €500 million senior bonds, together with accrued interest which had been pre-financed by the issuance of €500 million senior 4.7% euro bond on November 16, 2022.

- Great-West Lifeco U.S. LLC, a subsidiary of the Company, made payments on its non-revolving credit facility of US$150 million on March 31, 2023, US$150 million on June 30, 2023, US$100 million on September 29, 2023 and US$100 million on December 29, 2023. The remaining drawn balance was nil as at December 31, 2023.

IFRS 17 and IFRS 9

- The Company has adopted IFRS 17, *Insurance Contracts* (IFRS 17) replacing IFRS 4, *Insurance Contracts* (IFRS 4) effective January 1, 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. Under IFRS 17, groups of contracts are measured as the estimate of the present value of fulfilment cash flows, adjusted for an explicit risk adjustment for non-financial risk and the Contractual Service Margin (CSM). While the new standard changes the measurement and timing of recognition of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements, it does not have a material impact on the Company or change the Company's underlying business strategy. The Company has restated 2022 comparative results to reflect the adoption of IFRS 17.

  The Company has also adopted IFRS 9, *Financial Instruments* (IFRS 9) replacing IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. IFRS 9 provides changes to financial instruments accounting for the following: classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset; impairment based on an expected loss model; and hedge accounting that incorporates the risk management practices of an entity. The adoption of IFRS 9 has not resulted in a material change in assets, liabilities and earnings. The Company elected to present comparative information for its financial assets as if the classification and measurement requirements of IFRS 9 had been applied in the comparative period (IFRS 9 overlay), as permitted by the amendment to IFRS 17 published by the IASB in December 2021.

  The new reporting regime provides improved visibility as to the strong underlying economics and diversification of Lifeco’s portfolio through enhanced disclosures and metrics. Refer to the "Transition to IFRS 17 and IFRS 9" section of this document for additional details.

Sustainability

- In November 2021, Lifeco announced its ambition to achieve net zero greenhouse gas (GHG) emissions by 2050 for both operations and investments. During the fourth quarter of 2023, Lifeco published 'Advancing Inclusive Growth: Impact, Inclusion, and Citizenship', a report on the Company’s efforts related to impact, inclusion and citizenship. This report provides an update on the inclusion goals set by the Company as well as net zero interim goals for operations and investments[2]. These goals are aspirational and may need to change or be recalibrated. See "Important Note Regarding Sustainability Disclosure".

  The report set out the following interim goals[3] for 2030: (i) 40% reduction in carbon emissions for the Company's operations, (ii) 37% reduction in carbon footprint[4] for the Company's invested asset portfolio[5], (iii) 50% representation of women in management roles by 2030, and (iv) 25% representation of underrepresented groups in management roles.

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. The environment is displaying elevated levels of inflation and tighter financial conditions, and there have been increased liquidity concerns with respect to certain U.S. and European banks. Elevated global financial market volatility is due, in part, to certain geopolitical conflicts, 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 highly uncertain and the Company actively monitors events and information globally.

Throughout 2023, commercial real estate markets in Europe and North America showed signs of slowdown. In particular, the office markets are experiencing dampened demand from a continued lag faced by employers on return-to-office plans, leading to higher vacancy rates and deteriorating operating performance, driven as well by challenging economic and capital market conditions. Along with higher interest rates, this has resulted in valuation reductions for certain investment properties and indirectly for certain commercial mortgages reflecting the current outlook for office properties. As market conditions evolve, the Company may be required to apply further valuation reductions.

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.

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[2] The Company's investments goals have been established to reflect the reductions that Lifeco's investee companies would need to make, to follow the pathways established by the International Energy Agency to limit global warming to 1.5 degrees Celsius.

[3] Interim goals are based on a 2019 baseline year for both operations and investments.

[4] Carbon footprint is measured per million dollars invested (tCO2e/$m invested).

[5] The Company's overall goal for its invested asset portfolio (in-scope assets) is built on sub-asset class goals including reductions in carbon footprint for listed corporate bonds of 38%, listed equities of 31% and commercial real estate of 43%. Sub-asset class goals are indicative of the relative opportunity within each sub-asset class. Actual progress will be measured in aggregate against the overall 37% goal across all in-scope asset classes combined. The following asset classes are out-of-scope and excluded from the 37% goal: mortgages, sovereign debt, private debt and equity, and scope 3 emissions of issuers.

Outlook for 2024

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

- Interest rate hikes in Canada, the U.S., the U.K. and broader Europe have moderated economic growth and reduced inflation in the latter half of 2023. In Canada and the U.S., economic growth is expected to be slightly lower in 2024 as compared to 2023. This is expected to exert downward pressure on inflation, albeit, inflation is expected to remain above domestic targets. This is likely to delay the anticipated gradual reduction of policy rates until the second half of 2024 as the central banks balance between reducing inflation and staving off recession. In the U.K., economic growth is expected to be slightly positive in 2024. Furthermore, inflation is expected to fall to the Bank of England's 2% target by the middle of 2024. Accordingly, economists are forecasting a gradual reduction of the Bank Rate beginning mid 2024. In Europe, economic growth is expected to also be slightly positive in 2024. However, euro area inflation is expected to remain high and economists are not forecasting a reduction in policy rates in 2024 unless the economy does begin to contract.

  While the market expectation is for short term interest rates to decline in 2024 in Canada, the U.S. and the U.K., medium and long term interest rates are expected to remain relatively constant. Asset credit spreads are currently at the tightest level since 2010, however, there are many risks, as discussed in the Macroenvironmental Risk section, that could result in widening credit spreads.

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

- In Canada, the Company will continue to leverage the strength of the Canada Life brand to develop innovative products and services and broaden and deepen its distribution channels to better serve its customers. Specifically, the Workplace Solutions business plans to enhance its competitive position by focusing on improving its operational resilience, enhancing its productivity as well as its customer and employee experience by making further investments in digitalization. As the Company was awarded the Public Service Dental Care Plan (PSDCP), it will continue to build additional capabilities that can be leveraged by the rest of the business. In its Individual Wealth Management business, the Company will build upon the capabilities acquired through its recent acquisitions of IPC and Value Partners and strengthen the value propositions for advisors in all channels. The Insurance & Annuities business will continue to advance on business strategies of balancing growth through the offering of a comprehensive range of individual insurance products with disciplined pricing and risk selection. Operational expense management will continue to be critically important for the Canada segment to deliver strong financial results.

- In the U.S., the Company is positioned for significant growth opportunities utilizing the strength of the Empower brand. Through its defined contribution business, Empower has added significant expertise, a broader set of capabilities and an expanded product portfolio. Empower is the fastest growing company in the workplace retirement market and aims to leverage this strong market position in 2024 and beyond. Empower will continue to invest in product differentiation and offer a best-in-class service model to drive sales growth. In the first half of 2024, Empower anticipates the completion of the integration of the Prudential Financial, Inc. (Prudential) business acquired in 2022, resulting in additional cost synergies. Empower Personal Wealth, which was launched in the first quarter of 2023, will continue to serve its existing customers and stimulate growth through a focus on advice and digital tools. It will continue to develop and offer a broad range of product solutions that leverage the Empower Personal Dashboard to offer customized wealth solutions to an expanding customer base.

- In Europe, after a number of strategic actions taken in 2023 to reposition its portfolio, the Company is focusing on maintaining or growing its market positions and relationships with institutional partners while investing in customer service systems and digitalization. In its Workplace Solutions business, the U.K. group protection business enters 2024 in a leading market position with ongoing product and customer service innovation and expects to drive continued growth in premium income. Through the Irish Life brand, the Company will focus on developing a fully integrated corporate engagement strategy to maximize the effectiveness of strong corporate relationships, ensure the Company maintains its best-in-class pension, risk and health propositions and continue the journey of integrating its wealth and employee benefits consulting businesses. In the Individual Wealth & Asset Management business, the Company will focus on the growth of its new wealth brand, Unio, while maintaining its leading positions in asset management in the areas of sustainability and product innovation. Furthermore, the Company expects to maintain its position as a key player in the single premium offshore investment bond marketplace, focusing on distribution through its financial advisors and maintaining its relationships with institutional partners. In its Insurance & Annuities business, the Company will focus on maintaining its share of the retail payout annuities market while investing in customer service systems and will further develop its presence in the bulk annuity market where trustees of defined benefit schemes want to remove risk by insuring pension liabilities.

- In Capital and Risk Solutions, the Reinsurance business unit will continue to help its clients and other affiliated companies meet capital challenges through innovative reinsurance solutions. Demand for structured reinsurance remains strong and will remain a focus for 2024. Internationally, Canada Life will continue to explore opportunities for measured expansion into new markets where the Company's innovative reinsurance solutions can be deployed to support clients' evolving needs.

- In December 2021, the Organization for Economic Co-operation and Development (OECD) published the Pillar Two model rules outlining a structure for a new 15% global minimum tax regime to apply to large multi-national enterprises, which will include the Company. A number of countries where the Company operates, including Canada, Barbados, Ireland, Germany and the U.K., have enacted legislation or are expected to enact legislation with an effective date of January 1, 2024. Based on a preliminary assessment, the Company expects an increase in its effective income tax rate on base earnings in the 2-4% range and for the legislation to mainly impact the Europe and Capital and Risk Solutions segments. Refer to the Taxes section for further details.

Base and Net Earnings

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

With the adoption of IFRS 17, the Company refined the definition of base earnings (loss) in the first quarter of 2023 with application to 2022 comparative results for an updated representation of the Company's underlying business performance, as well as to enhance consistency and comparability with financial services industry peers.

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1,4]					
Canada	$ 301	$ 296	$ 260	$ 1,158	$ 1,164
United States[4]	261	262	215	1,006	737
Europe	213	206	256	777	845
Capital and Risk Solutions	236	198	181	794	598
Lifeco Corporate	(40)	(12)	(18)	(68)	(26)
Lifeco base earnings[1,4]	$ 971	$ 950	$ 894	$ 3,667	$ 3,318
Items excluded from base earnings					
Market experience relative to expectations[2]	$ (213)	$ 153	$ (386)	$ (307)	$ 530
Realized OCI gains / (losses) from asset rebalancing	—	—	—	(121)	—
Assumption changes and management actions[2,5]	83	(106)	(5)	(20)	47
Other non-market related impacts[3,5]	(98)	(61)	(25)	(357)	(267)
Items excluded from Lifeco base earnings	$ (228)	$ (14)	$ (416)	$ (805)	$ 310
Net earnings (loss) from continuing operations[2]					
Canada	$ 166	$ 414	$ 352	$ 961	$ 1,431
United States[2]	194	244	168	769	464
Europe	217	25	(25)	384	1,202
Capital and Risk Solutions	215	265	3	833	542
Lifeco Corporate	(49)	(12)	(20)	(85)	(11)
Lifeco net earnings from continuing operations[2]	$ 743	$ 936	$ 478	$ 2,862	$ 3,628
Net earnings (loss) from discontinued operations[4]	(3)	(31)	(26)	(124)	(32)
Lifeco net earnings - common shareholders	$ 740	$ 905	$ 452	$ 2,738	$ 3,596

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

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

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

4 Comparative results are restated to exclude discontinued operations related to Putnam Investments.

5 Following internal reviews, the mapping of certain assumption changes and management actions and business transformation impacts has been modified to reflect current presentation and comparative results for the periods ended December 31, 2022 have been restated, as applicable.

Base Earnings

Base earnings for the fourth quarter of 2023 of $971 million ($1.04 per common share) increased by $77 million or 9% from $894 million ($0.96 per common share) a year ago. The increase was primarily due to strong group disability results driven by improved morbidity experience and management pricing actions and higher earnings on surplus in the Canada segment, an increase in fee and other income due to organic growth in the U.S. segment and new business growth and net favourable experience in the Capital and Risk Solutions segment. These items were partially offset by higher taxes and by lower investment earnings driven by the impact of trading activity in the prior year that did not re-occur in the Europe segment.

For the twelve months ended December 31, 2023, Lifeco's base earnings were $3,667 million ($3.94 per common share) compared to $3,318 million ($3.56 per common share) a year ago. The 11% increase was primarily due an additional quarter of Prudential-related earnings in the U.S. segment and a provision for estimated claims related to Hurricane Ian of $128 million in 2022, as well as the same reasons discussed for the in-quarter results.

Net Earnings

Lifeco's net earnings from continuing operations for the three month period ended December 31, 2023 of $743 million ($0.80 per common share) increased by $265 million or 55% compared to $478 million ($0.51 per common share) a year ago. The increase was primarily due to a $127 million net gain on a sale of a portfolio of policies to AIB Life and a $110 million net gain from the recapture impact on a reinsured block of inforce annuities in the Europe segment, more favourable market experience relative to expectations in the Europe and Capital and Risk Solutions segments, and an increase in base earnings. These items were partially offset by unfavourable market value impacts in Canada driven primarily by a decrease in long-term interest rates. The results from discontinued operations were a net loss of $3 million compared to a net loss of $26 million a year ago.

For the twelve months ended December 31, 2023, Lifeco's net earnings from continuing operations were $2,862 million ($2.94 per common share) compared to $3,628 million ($3.89 per common share) a year ago. In conjunction with the transition to IFRS 17, the Company made ALM and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted in order to balance LICAT capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings from continuing operations driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with Management's expectations. For additional information, refer to the "Transition to IFRS 17 and IFRS 9" section of this document. The 21% decrease was primarily due to market experience relative to expectations of negative $307 million, a decrease of $837 million compared to last year, due to large increases in interest rates in 2022 which had a significant positive earnings impact. In addition, there were realized losses on the sale of surplus assets measured at fair value through other comprehensive income (FVOCI) to improve regulatory capital positioning in the Europe segment. These items were partially offset by an increase in base earnings, the net gain on sale to AIB Life and the inforce annuity reinsurance recapture as discussed for the in-quarter results. The results from discontinued operations were a net loss of $124 million compared to a net loss of $32 million a year ago predominantly due to transaction costs.

Lifeco's net earnings from continuing operations for the three month period ended December 31, 2023 of $743 million ($0.80 per common share) decreased by $193 million or 21% compared to $936 million ($1.01 per common share) in the previous quarter. The decrease was primarily due to unfavourable market experience relative to expectations in the Canada and Capital and Risk Solutions segments as well as provisions for restructuring costs in the Europe segment. These items were partially offset by the net gain on sale to AIB Life and the inforce annuity reinsurance recapture as discussed above as well as an increase in base earnings. The results from discontinued operations were a net loss of $3 million compared to $31 million in the previous quarter.

Items Excluded from Base Earnings

Market Experience Relative to Expectations

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Public equity market impacts	$ 27	$ (15)	$ 20	$ 14	$ (83)
Real estate and other non-fixed income asset impacts	(62)	(129)	(298)	(371)	(223)
Interest rate and other impacts	(178)	297	(108)	50	836
Total market experience relative to expectations	$ (213)	$ 153	$ (386)	$ (307)	$ 530

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 $213 million in the fourth quarter of 2023 (negative impact of $386 million in the fourth quarter of 2022). In-quarter impacts reflect interest rate movements including spread movements, lower returns than expected on real estate assets, partially offset by higher returns on public equities. The negative interest rate and spread movement impacts primarily arose from liabilities increasing by more than their supporting assets in the Canada, Europe, and Capital and Risk Solutions segments. The lower returns than expected on real estate and other non-fixed income assets arose on real estate assets in the U.K. and Canada. The higher returns on public equities were primarily from assets held in Canada.

For the twelve months ended December 31, 2023, market experience relative to expectations negatively impacted net earnings by $307 million (positive impact of $530 million year-to-date in 2022). The 2023 year-to-date negative impact was primarily due to lower returns than expected on real estate assets.

In order to mitigate the Company's exposure to interest rate fluctuations, the Company follows disciplined processes for matching asset and liability cash flows. As a result, the impact of changing interest rates is mostly mitigated in the current period, with the impact of changes in fair values of bonds backing insurance contract liabilities mostly offset by a corresponding change in the insurance contract liabilities. However, differences in the interest rate sensitivity in the value of assets and the value of insurance and investment contract liabilities leads to a sensitivity to interest rate movements in net earnings under IFRS 17 and IFRS 9, due to the Company's asset liability management strategies and accounting policy choices. These choices include consideration of the impact on regulatory capital, which can result in increased net earnings sensitivity, but decreased capital sensitivity. For example, the Company's asset liability management strategy uses equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in the net earnings; and the classification of financial assets under IFRS 9, 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. These exposures are designed to help offset interest rate sensitivity and volatility in the LICAT capital calculation, resulting in decreased capital sensitivity. Furthermore, sensitivities to interest rate movements vary depending upon the geography where the changes occur and the level of change in interest rates by term.

For a further description of the Company's sensitivity to equity market and interest rate fluctuations, including sensitivity disclosures as a result of current market conditions, refer to "Risk Management", note 7 to the Company's annual consolidated financial statements for the period ended December 31, 2023.

Assumption Changes and Management Actions

Under IFRS 17, assumption changes on insurance risks and certain management actions directly impact CSM, for contracts which have CSM. The impact of assumption changes and certain management actions on CSM are measured at locked-in rates, for contracts measured under the General Measurement Model, whereas the overall impact is measured at fair value, resulting in a potential net earnings impact.

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 (used to determine impacts on CSM). In general, prevailing discount rates are currently higher than locked-in rates for the Company’s insurance contracts. Therefore, a favourable change in assumptions on insurance risks, which increases CSM, also results in a negative earnings impact in period due to the fair value impact.

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

For the three months ended December 31, 2023, assumption changes and management actions resulted in a positive net earnings impact of $83 million and a decrease in CSM of $200 million on non-participating business. Most of these impacts arise from management actions relating to reinsurance transactions on in force business executed in the fourth quarter of 2023, which resulted in a positive net earnings impact of $94 million and a decrease in CSM of $163 million.

In the Europe segment, net earnings were positively impacted by $100 million and CSM was positively impacted by $85 million, primarily due to the reinsurance of U.K. annuity business to a third party. In the US segment, there was a decrease in CSM of $289 million due to reinsurance of a block of a segregated fund business with guarantees (GMWB) to a third party. In the Canada segment, net earnings were negatively impacted by $17 million and the CSM was positively impacted by $4 million, which reflects impacts arising from a recapture of reinsurance in mortality risk of positive $48 million, and assumption updates on individual segregated fund business of negative $44 million.

For the twelve months ended December 31, 2023, assumption changes and management actions resulted in a negative net earnings impact of $20 million. Additionally, assumption changes and management actions resulted in a decrease of $34 million in CSM on non-participating business.

Other Items Excluded from Base Earnings

For the fourth quarter of 2023, other items excluded from base earnings were negative $98 million compared to negative $25 million a year ago. Business transformation costs were $67 million, an increase of $6 million compared to the same period in the prior year. The increase was primarily due to higher restructuring provisions in the Europe segment, partially offset by lower restructuring and integration costs in the U.S. segment following the completion of the MassMutual and Personal Capital integrations in 2022. The increase was also driven by higher intangible asset impairments in the U.S. and Europe segments. The impact of these items was partially offset by the sale of a portfolio of policies to AIB Life which resulted in a net gain of $127 million ($118 million year-to-date) in the Europe segment. A positive $63 million one-time impact for a change in the Canadian statutory income tax rate was excluded from base earnings in the fourth quarter of 2022. The results from discontinued operations were a loss of $3 million compared to a loss of $26 million for the same quarter last year.

For the twelve months ended December 31, 2023, other items excluded from base earnings had a more negative impact compared to the same period last year, primarily due to the realized OCI losses related to asset rebalancing to shorter duration assets to improve capital during the second quarter of 2023 in the Europe segment, a provision recorded in the second quarter of 2023 related to Empower's sale of its individual life and annuity business in 2019 in the U.S. segment as well as the same reasons discussed for the in-quarter results.

Foreign Currency

The average currency translation rate for the fourth quarter of 2023 increased for the euro and the British pound, while the U.S. dollar was flat compared to the fourth quarter of 2022. For the three months ended December 31, 2023, the overall impact of currency movement on the Company's base earnings was an increase of $19 million (increase of $94 million year-to-date) compared to translation rates a year ago. The overall impact of currency movement on the Company’s net earnings was an increase of $22 million (increase of $72 million year-to-date) compared to translation rates a year ago.

From September 30, 2023 to December 31, 2023, the market rates at the end of the reporting period used to translate the euro and the British pound assets and liabilities to the Canadian dollar increased, while the U.S. dollar decreased. The movements in end-of-period exchange rates impact the translation of foreign operations, including related hedge activities, resulting in post-tax unrealized foreign exchange losses of $89 million in-quarter ($89 million net unrealized loss year-to-date) recorded in other comprehensive income.

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

Statement of Earnings

The following discussion sections reflect the statement of earnings presentation under IFRS 17 which provides a view of profit from earnings sources before taxes. For insurance contracts, at a high level, the impacts of insurance performance are presented separately from financial risks and investment income, through the insurance service result and net investment result, respectively. Other businesses such as group retirement, group administrative services only, wealth management and asset management are presented through other income and expenses.

Insurance Service Result

Insurance service result depicts the profit earned from providing insurance coverage, including certain segregated fund products (primarily individual products with guarantees), and comprises the combined impact of insurance revenue, insurance expenses and net expenses from reinsurance contracts held. Insurance revenue reflects the consideration to which the insurer expects to be entitled in exchange for insurance services provided on an earned basis. Insurance expenses include incurred claims and other operating expenses directly attributable to the insurance contracts the Company issues. Net expenses from reinsurance contracts held represents the combined impact of allocated reinsurance premiums paid to and amounts recovered from reinsurers by the Company.

Insurance service result (pre-tax)

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022	**Dec. 31 2023**	Dec. 31 2022
Canada	$ 370	$ 373	$ 305	$ 1,367	$ 1,314
United States	18	13	16	55	43
Europe	242	211	164	813	686
Capital and Risk Solutions	224	189	189	775	681
Base earnings - insurance service result	$ 854	$ 786	$ 674	$ 3,010	$ 2,724
Items excluded from base earnings	1	(38)	(9)	(80)	(16)
Participating account	35	40	33	151	121
Net earnings - insurance service result	$ 890	$ 788	$ 698	$ 3,081	$ 2,829

Base earnings insurance service result for the fourth quarter of 2023 of $854 million increased by $180 million or 27% compared to the fourth quarter of 2022. The increase was primarily due to experience on certain structured transactions and favourable claims developments related to prior year catastrophe losses in the Capital and Risk Solutions segment as well as higher earnings on short-term insurance contracts in the Canada and Europe segments. The increase was partially offset by unfavourable claims experience in the U.S. life business and unfavourable experience on certain structured transactions in the Capital and Risk Solutions segment and lower CSM recognized for services provided in the Canada segment.

For the twelve months ended December 31, 2023, base earnings insurance service result of $3,010 million increased by $286 million or 10% compared to the same period in 2022. The increase was primarily due to favourable group protection experience and the non-recurrence of unfavourable morbidity experience from the prior year in the Europe segment, strong group life and health earnings in the Canada segment as well as the same reasons discussed for the in-quarter results. The increase was partially offset by the same reasons discussed for the in-quarter results.

Net Investment Result

Net investment result shows the relationship between net investment income earned from managing the Company's financial assets and the impact of insurance finance income or expenses, including the effects of discount rates and other financial variables on valuing the Company's insurance contract liabilities. Base earnings - net investment result represents: (i) the difference between management's expected return on assets backing insurance contract liabilities and the unwinding of discount rates used to measure corresponding insurance contract liabilities, (ii) the impact of credit experience arising from upgrades, downgrades and impairments on assets held to back insurance contract liabilities and changes in expected credit losses on assets supporting surplus, (iii) the impact of trading activity on fixed income asset portfolios supporting liabilities, and (iv) expected investment income on surplus assets net of associated investment expenses.

Net investment result (pre-tax)

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022	**Dec. 31 2023**	Dec. 31 2022
Canada	$ 79	$ 62	$ 39	$ 287	$ 166
United States[1]	1	47	31	95	91
Europe	91	76	168	391	492
Capital and Risk Solutions	34	28	18	108	31
Lifeco Corporate	7	9	8	33	36
Base earnings - net investment result[1]	$ 212	$ 222	$ 264	$ 914	$ 816
Items excluded from base earnings	(256)	104	(405)	(616)	872
Spread income	332	322	366	1,317	1,116
Participating account	(23)	2	(162)	(82)	(198)
Net earnings - net investment result	$ 265	$ 650	$ 63	$ 1,533	$ 2,606

[1] Comparative results are restated to exclude net investment result from discontinued operations related to Putnam Investments.

Base earnings net investment result in the fourth quarter of 2023 decreased by $52 million compared to the same quarter last year, primarily due to credit-related impairments of commercial mortgage loans in the U.S. segment and the favourable impact of trading activity in the Europe segment in the prior year that did not repeat. These items were partially offset by the favourable impact of trading activity in the Canada segment and higher earnings on surplus income in the Canada and Europe segments.

For the twelve months ended December 31, 2023, base earnings net investment result increased by $98 million compared to the same period last year, primarily due to higher earnings on surplus in all segments, partially offset by less favourable impacts on liabilities compared to their supporting assets driven by a rise in interest rates, lower equity release mortgage origination fees and the favourable impact of trading activity in the Europe segment in the prior year that did not repeat.

Credit Markets

Credit experience impacts on net earnings can arise from:

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

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

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022	**Dec. 31 2023**	Dec. 31 2022
Canada	$ —	$ (4)	$ 1	$ (2)	$ 4
United States	(48)	—	(17)	(65)	(17)
Europe	2	(18)	1	(16)	(11)
Capital and Risk Solutions	(1)	—	—	(1)	(1)
Total	$ (47)	$ (22)	$ (15)	$ (84)	$ (25)

In the fourth quarter of 2023, the Company experienced net negative $47 million of credit-related experience in net investment result (net negative impact of $15 million in the fourth quarter of 2022), primarily due to credit charges on mortgage loans in the U.S. segment.

For the twelve months ended December 31, 2023, the Company experienced net negative $84 million of credit-related experience in net investment result (net negative impact of $25 million in 2022), primarily due to credit charges on mortgage loans and bonds in the U.S. segment as well as the net remeasurement of allowance for expected credit losses on mortgage loans in the Europe segment.

Fee and Other Income

In addition to providing traditional risk-based insurance products, the Company also provides certain products on a fee-for-service basis. The most significant of these products are certain segregated funds (investment contracts) and mutual funds, for which the Company earns investment management fees on assets managed and other fees, as well as administrative services only (ASO) contracts, under which the Company provides group benefit plan administration on a cost-plus basis.

Fee and other income (pre-tax)[1]

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Canada	$ 383	$ 328	$ 313	$ 1,377	$ 1,212
United States[1]	970	928	887	3,706	3,225
Europe	201	190	168	771	714
Capital and Risk Solutions	4	4	4	14	7
Base earnings - fee and other income[1]	$ 1,558	$ 1,450	$ 1,372	$ 5,868	$ 5,158
Items excluded from base earnings	—	—	—	6	—
Net earnings - fee and other income	$ 1,558	$ 1,450	$ 1,372	$ 5,874	$ 5,158

1 Comparative results are restated to exclude fee and other income from discontinued operations related to Putnam Investments.

The information in the table above is a summary of gross fee and other income for the Company. Additional commentary regarding fee and other income is included, as applicable, in the "Segmented Operating Results" section.

Expenses

Expenses shown below are represented in the Company's consolidated statement of earnings by either insurance service expense or in other income and expenses depending on whether or not those expenses are directly attributable to the Company's insurance businesses.

Expenses (pre-tax)[1]

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Operating and administrative expenses					
Insurance service operating and administrative expenses[2]	$ 408	$ 395	$ 359	$ 1,656	$ 1,638
Other operating and administrative expenses - base	1,685	1,519	1,531	6,234	5,545
Other operating and administrative expenses - excluded from base[3]	95	3	30	168	59
Total operating and administrative expenses	$ 2,188	$ 1,917	$ 1,920	$ 8,058	$ 7,242
Amortization of acquisition-related intangible assets	42	48	36	182	167
Amortization of other finite life intangible assets	37	52	53	184	187
Financing charges	104	103	113	426	393
Restructuring and integration expenses	143	38	43	226	178
Total	$ 2,514	$ 2,158	$ 2,165	$ 9,076	$ 8,167

1 Prior period results are restated to exclude expenses from discontinued operations related to Putnam Investments.

2 Excluded from the above table, but included in insurance service expenses for the twelve months ended December 31, 2023, are $14.1 billion ($13.6 billion for the period ended December 31, 2022) primarily relating to claims and benefits paid, adjustments to the liability for incurred claims and losses (reversal of losses) on onerous insurance contracts and assets for insurance acquisition cash flows. Refer to note 13 of the Company's annual consolidated financial statements for the period ended December 31, 2023 for additional detail.

3 Includes the pre-tax impact of acquisition and divestiture costs which are excluded from base earnings.

Expenses for the fourth quarter of 2023 of $2,514 million increased by $349 million compared to the same quarter last year, primarily due to higher operating and administrative expenses driven by onboarding and support of the Canada federal government's PSHCP and the acquisitions of IPC and Value Partners in the Canada segment and increased spend in the U.S. segment to support business growth at Empower. Restructuring and integration expenses were higher compared to the same quarter last year, primarily due to restructuring provisions in the Europe segment.

For the twelve months ended December 31, 2023, expenses increased by $909 million to $9,076 million compared to the same period last year, primarily due to higher operating and administrative expenses driven by the acquisition of Prudential's retirement services business in the U.S. segment as well as the same reasons discussed in the in-quarter results. Financing charges were higher compared to the same period last year driven primarily by the refinancing of a €500 million euro bond at higher rates in November 2022. Restructuring and integration expenses increased compared to the same period last year, primarily due to the same reasons discussed in the in-quarter results partially offset by lower integration costs related to the MassMutual, Personal Capital and Prudential acquisitions.

Taxes

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

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022[2]	**Dec. 31 2023**	Dec. 31 2022[2]
Base earnings - Common shareholders[1]	15.9 %	12.8 %	9.0 %	13.9 %	9.2 %
Net earnings - Common shareholders	(22.2)%	12.8 %	(2.9)%	4.1 %	11.5 %
Net earnings - Total Lifeco	(28.0)%	12.2 %	(16.6)%	1.7 %	9.7 %

[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] The effective income tax rates for the comparative figures have been restated to reflect the adoption of IFRS 17 and IFRS 9 and to exclude discontinued operations related to Putnam Investments from earnings.

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

In the fourth quarter of 2023, the effective income tax rate on base earnings for the common shareholders of 15.9% was up from 9.0% in the fourth quarter of 2022, primarily due to changes in certain tax estimates. In the fourth quarter of 2023, the effective income tax rate on net earnings for the common shareholders of negative 22.2% was down from negative 2.9% in the fourth quarter of 2022, primarily due to jurisdictional mix of earnings partially offset by changes in certain tax estimates and the favourable impact in 2022 of the revaluation of deferred tax balances as a result of the increase to the Canadian statutory income tax rate.

In the fourth quarter of 2023, the overall effective income tax rate on net earnings of negative 28.0%, was down from negative 16.6% in the fourth quarter of 2022, primarily due to jurisdictional mix of earnings offset partially by changes in certain tax estimates.

The Company had an effective income tax rate on base earnings for the common shareholders of 13.9% for the twelve months ended December 31, 2023, which was up from 9.2% for the same period last year, primarily due to changes in certain tax estimates. The Company had an effective income tax rate on net earnings for the common shareholders of 4.1%, down from 11.5% for the same period last year, primarily due to jurisdictional mix of earnings.

The Company had an overall effective income tax rate on net earnings of 1.7% for the twelve months ended December 31, 2023 down from 9.7% for the same period last year, primarily due to the same reasons discussed for the year-to-date common shareholders net earnings results.

Refer to note 29 to the Company's annual consolidated financial statements for the period ended December 31, 2023 for further details.

In December 2021, the OECD published the Pillar Two model rules outlining a structure for a new 15% global minimum tax regime. A number of countries where the Company operates, including Ireland, Germany and the U.K., have enacted legislation, and will be effective for the Company's financial year beginning January 1, 2024. Pillar Two draft legislation in Canada and Barbados has not been substantively enacted but when enacted, is expected to be effective for the Company as of January 1, 2024.

The global minimum tax is very complex in nature and will apply to Lifeco as part of a larger related group of companies. The determination of the minimum tax impact will require significant interpretation of each country's new legislation to determine the ultimate tax liability for the group of companies as a whole, which will then be allocated to individual companies within the group, such as Lifeco. Relevant legislation and available guidance continues to be reviewed by the Company to assess the full implications of the Pillar Two minimum tax regime. The Company has performed a preliminary assessment of the Company’s potential exposure to Pillar Two income taxes for the year ending on December 31, 2024 and has identified potential exposure in Barbados, Ireland and Isle of Man, jurisdictions where the statutory tax rate is below 15%. Based on this preliminary assessment, the Company expects an increase in the effective income tax rate on base earnings in the 2-4% range.

The Company pays corporate income tax and additional indirect taxes in all jurisdictions where we carry on business. The combination of these taxes totaled approximately $1.3 billion in 2023 and approximately $1.2 billion in 2022 as outlined in the table below.

	For the twelve months ended	
	2023	2022
Indirect taxes		
Premium taxes (net of business ceded)	$ 416	$ 404
Payroll taxes	276	242
Property taxes	86	74
Sales tax (GST/HST/PST/VAT/other)	105	108
Business and other taxes	8	4
Total indirect taxes	$ 891	$ 832
Income taxes paid, net of refunds received	423	348
Total	$ 1,314	$ 1,180

Lifeco Value Drivers

The Company has enhanced its reporting and disclosures to provide greater clarity and transparency into how the Company is creating value for shareholders and growing the business. The Company focuses on three key value drivers for its business: Workplace Solutions, Wealth & Asset Management and Insurance & Risk Solutions.

The following table displays how the various business units in each operating segment align with value drivers at the consolidated Lifeco level.

A description of the value drivers and a supplemental view of base earnings and other key performance indicators at the consolidated Lifeco level are provided below.

	Operating Segments[1]			
Value Drivers	**Canada**	**U.S.**	**Europe**	**Capital and Risk Solutions**
Workplace Solutions	Group Life & Health Group Retirement	Empower Defined Contribution	Group Life & Health Group Retirement	
Wealth & Asset Management	Individual Wealth Management	Empower Personal Wealth Asset Management[2]	Individual Wealth & Asset Management	
Insurance & Risk Solutions	Insurance & Annuities		Insurance & Annuities	Reinsurance

[1] Certain business units have been realigned within operating segments to map consistently to value drivers.

[2] Includes results of PanAgora Asset Management which will be retained by the Company subsequent to the sale of Putnam Investments to Franklin Templeton. The transaction closed on January 1, 2024, subsequent to December 31, 2023.

Lifeco Base Earnings by Value Driver

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1]					
Workplace Solutions[2]	$ 489	$ 463	$ 357	$ 1,851	$ 1,550
Wealth & Asset Management[3]	144	157	153	539	557
Insurance & Risk Solutions	383	346	462	1,398	1,321
Corporate	(45)	(16)	(78)	(121)	(110)
Lifeco base earnings[1]	$ 971	$ 950	$ 894	$ 3,667	$ 3,318

[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] Following internal reviews, the mapping of certain business units to Value Drivers has been modified and comparative results for the periods ended December 31, 2022 have been restated, as applicable.

[3] Comparative results for the periods ended December 31, 2022 are restated to exclude net earnings (losses), net cash flows and fee and other income from discontinued operations related to Putnam Investments as well as the re-mapping of certain business units to value drivers in the Europe segment following internal reviews.

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

Workplace Solutions

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

Selected Financial Results

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1,4]	$ 489	$ 463	$ 357	$ 1,851	$ 1,550
Retirement net cash flows[2,3,4]	12,132	(8,999)	5,344	17,430	43,693
Fee and other income[3,4]	1,089	1,033	1,001	4,208	3,700
Group life and health book premiums[2]	17,258	17,048	14,280		

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 Comparative results for the twelve months ended December 31, 2022 do not include $403.3 billion (US$315.1 billion) in net transfers related to the Prudential acquisition.

4 Following internal reviews, the mapping of certain business units to value drivers has been modified and comparative results for the periods ended December 31, 2022 have been restated, as applicable.

Base earnings

Workplace Solutions base earnings for the fourth quarter of 2023 of $489 million increased by $132 million or 37% compared to the same quarter last year. The increase was primarily due to favourable group protection experience in the Europe segment, strong group disability results driven by improved morbidity experience and management pricing actions in the Canada segment and higher net fee income in Empower Defined Contribution.

For the twelve months ended December 31, 2023, Workplace Solutions base earnings of $1,851 million increased by $301 million or 19% compared to the same period last year. The increase was primarily due to higher contributions from investment experience and an additional quarter of Prudential-related earnings in 2023 in the U.S. segment, increased group life and health earnings driven by strong group disability results and premium growth in the Canada segment as well as the same reasons discussed for the in-quarter results.

Net cash flows

Net cash inflows for the fourth quarter of 2023 of $12.1 billion increased by $6.8 billion compared to the same quarter last year, primarily due to an increase in large plan sales in the U.S. segment and higher group retirement sales in the Canada segment.

For the twelve months ended December 31, 2023, net cash inflows of $17.4 billion decreased by $26.3 billion compared to the same period last year, primarily due to net participant redemptions of assets under administration as well as lower large plan sales in the current year in Empower Defined Contribution.

Fee and other income

Fee and other income for the fourth quarter of 2023 of $1,089 million increased by $88 million compared to the same quarter last year, primarily due to increased participants and higher equity market levels in Empower Defined Contribution, a one-time recognition related to the Prudential integration in the current quarter in the U.S. segment, growth in administrative services only (ASO) fees in the Canada segment and the impact of currency movement.

For the twelve months ended December 31, 2023, fee and other income of $4,208 million increased by $508 million compared to the same period last year, primarily due the same reasons discussed for the in-quarter results as well as an additional quarter of Prudential-related fee income of US$142 million in 2023.

Group life and health book premiums

Group life and health book premiums at December 31, 2023 were $17,258 million, an increase of $210 million compared to September 30, 2023, primarily due to organic growth of in-force business in the Canada and Europe segments.

Wealth & Asset Management

In partnership with over 234,000 advisor relationships globally, the Company is delivering targeted and sophisticated solutions supported by personalized advice to meet customers' most complex personal wealth needs. The approach is enabled through investments in technology platforms and in market leading managed solutions to help advisors continue to meet the evolving needs of customers.

Selected Financial Results

	As at or for the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1,3]	$ 144	$ 157	$ 153	$ 539	$ 557
Wealth net cash flows[2,3,4]	3,711	466	3,127	12,316	10,778
Fee and other income[3]	456	407	366	1,619	1,429
CSM, segregated fund products[5]	3,309	3,120	3,269		

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 Comparative results for the periods ended December 31, 2022 are restated to exclude net earnings (losses), net cash flows and fee and other income from discontinued operations related to Putnam Investments as well as the re-mapping of certain business units to value drivers in the Europe segment following internal reviews.

4 Comparative results for the twelve months ended December 31, 2023 do not include $7.8 billion (US$6.1 billion) in net transfers related to the Prudential acquisition.

5 The U.S. segment does not have a material contractual service margin (CSM) balance and has been excluded.

Base earnings

Wealth & Asset Management base earnings for the fourth quarter of 2023 of $144 million decreased by $9 million compared to the same quarter last year. The decrease was primarily due to lower net fee and spread income in the Europe segment, partially offset by increased fees driven by higher average equity markets in Empower Personal Wealth.

For the twelve months ended December 31, 2023, Wealth & Asset Management base earnings of $539 million decreased by $18 million compared to the same period last year. The decrease was primarily due to the same reasons discussed for the in-quarter results.

Net cash flows

Net cash inflows for the fourth quarter of 2023 were $3,711 million compared to net inflows of $3,127 million for the same quarter last year, primarily driven by higher wealth fund management sales in the Europe segment.

For the twelve months ended December 31, 2023, net cash inflows were $12,316 million compared to net inflows of $10,778 million for the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Fee and other income

Fee and other income for the fourth quarter of 2023 of $456 million increased by $90 million compared to the same quarter last year, primarily due to the acquisitions of Value Partners and Investment Planning Counsel in the Canada segment, increased participants and assets under administration due to higher equity market levels and overall growth in the U.S. segment and higher management fees in the Europe segment.

For the twelve months ended December 31, 2023, fee and other income of $1,619 million increased by $190 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

CSM, segregated fund products

Closing CSM for segregated fund products for the fourth quarter of 2023 of $3,309 million increased by $189 million compared to the third quarter of 2023, primarily due to the impact of market movements.

Closing CSM for segregated fund products for the fourth quarter of 2023 was comparable to the fourth quarter of 2022.

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 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1]	$ 383	$ 346	$ 462	$ 1,398	$ 1,321
New business non-participating CSM, excluding segregated fund products[2]	105	124	112	374	368
Non-participating CSM, excluding segregated fund products[2]	6,159	5,988	5,831		

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

2 The U.S. segment does not have a material contractual service margin (CSM) balance and has been excluded.

Base earnings

Insurance & Risk Solutions base earnings for the fourth quarter of 2023 of $383 million decreased by $79 million compared to the same quarter last year. The decrease was primarily due to unfavourable individual insurance mortality experience in the Canada segment and the unfavourable impact of changes in certain tax estimates, partially offset by growth in the structured business and net favourable claims developments related to previous property catastrophe losses in the Capital and Risk Solutions segment.

For the twelve months ended December 31, 2023, Insurance & Risk Solutions base earnings of $1,398 million increased by $77 million compared to the same period last year. The increase was primarily due growth in the structured business and net favourable claims developments related to previous property catastrophe losses in the Capital and Risk Solutions segment and changes to certain tax estimates in the Europe segment in 2023, partially offset by lower investment earnings in the Europe segment and changes to certain tax estimates in the Canada segment in 2022 that did not repeat. Additionally, 2022 results included a provision for estimated claims related to Hurricane Ian of $128 million.

New business non-participating CSM, excluding segregated fund products

Insurance & Risk Solutions new business non-participating CSM, excluding segregated fund products, for the fourth quarter of 2023 of $105 million was comparable to the same quarter last year.

For the twelve months ended December 31, 2023, new business non-participating CSM, excluding segregated fund products, of $374 million was comparable to the prior year.

Non-participating CSM, excluding segregated fund products

Ending non-participating CSM, excluding segregated fund products, for the fourth quarter of 2023, excluding participating and segregated fund products, of $6,159 million increased by $171 million compared to the third quarter of 2023. The increase was primarily due to the impact of assumption changes and the impact of currency movements, partially offset by organic CSM movement.

Ending non-participating CSM, excluding segregated fund products, for the fourth quarter of 2023, excluding participating and segregated fund products, of $6,159 million increased by $328 million compared to the fourth quarter of 2022. The increase was primarily due to the same reasons discussed for the prior quarter results.

Segmented Operating Results

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

Translation of Foreign Currency

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

Canada

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

Business Profile

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

Workplace Solutions

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

Through its group life and health benefits product lines, the Company offers effective benefit solutions for small, medium and large plan sponsors. The Company offers a wide range of traditional group products and services including life, accidental death and dismemberment, critical illness, disability, health and dental as well as specialty products. Growing the Freedom Experience has been a focus recently as the Company seeks to provide customized solutions to increasingly unique customer needs. The Freedom Experience suite of products allows members to apply for life, health and critical illness products and maintain this coverage even when leaving their employers. These products also serve to close any group health and wealth gaps that members might experience with their current coverage. Products and programs have also been developed to address the needs of mental health in the workplace, high-cost medications and employee wellness. Traditional group products are generally offered on an insured or an administrative services only (ASO) basis, where clients self-insure the products and the Company administers on their behalf. With the acquisition of ClaimSecure, Workplace Solutions' ASO capabilities have been significantly enhanced.

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

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

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

Individual Wealth Management

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

The Company is a leader in Canada for wealth management products and services delivered through independent advisors. Segregated fund products are distributed through diverse, complementary channels: Advisor Solutions, managing general agencies (MGAs) and national accounts. Through Financial Horizons Group, the Company participates in the MGA channel, distributing segregated fund products from across the insurance industry. The Company also offers mutual funds and securities accounts through its dealer Quadrus Investment Services, as well as through the recently acquired businesses of Value Partners Group (Value Partners) and Investment Planning Counsel Inc. (IPC), which have broadened the Company's advisor breadth and product suite.

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

Insurance & Annuities

Insurance & Annuities includes individual life, disability and critical illness insurance products and services, as well as individual life annuities and single premium group annuities.

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

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

Market Overview

Workplace Solutions

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

Market Position	Products and Services	Distribution

• Employee benefits to over 27,500 plan sponsors[1]
• 22% market share for employee benefit plans[2]
• Leading market share for creditor products with coverage provided to 6.6 million plan members[1]
• 19% market share of group capital accumulation plans[2]
	Group Life and Health Benefits
	• Life
	• Disability
	• Critical illness
	• Accidental death & dismemberment
	• Dental
	• Expatriate coverage
	• Extended health care
	
	Group Creditor
	• Life
	• Disability
	• Job loss
	• Critical illness
	
	Group Retirement and Investment Services
	• Group capital accumulation plans including:
	  • Defined contribution pension plans
	  • Group RRSPs, RESPs & TFSAs
	  • Deferred profit sharing plans
	  • Non-registered savings programs invested in:
	    • Segregated funds
	    • Guaranteed investment options
	    • Single company stock
	
	• Retirement income plans
	  • Retirement income funds
	  • Life income funds
	
	• Investment management services only plans; invested in:
	  • Segregated funds
	  • Guaranteed investment options
	  • Securities
	
	Specialty Products and Services
	• Individual health, life and critical illness offered through the Freedom Experience
	• Consult+™
	• Teledoc Medical Experts™
	• Contact™
		• Group life and health benefits and group retirement and investment services products and services are distributed through brokers, consultants, third party administrators/payers and financial security advisors. Sales and service support are provided by an integrated team of over 617 employees, located in 21 offices across the country, including 107 account executives.[1]
		• Group creditor products and services are distributed primarily though large financial institutions and serviced through a dedicated sales and service organization.

[1] As at December 31, 2023.

[2] As at December 31, 2022.

Individual Wealth Management

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

Market Position	Products and Services	Distribution[3,4]

• An industry leader with 24.6% market share of individual segregated fund assets[1]	**Individual Wealth Management**
	• Savings plans
	  • RRSPs
	  • Non-registered savings programs
	  • TFSAs
	  • RESPs
	Invested in:
	  • Segregated funds
	  • Mutual funds
	  • Guaranteed investment options
	  • Securities (various forms of managed programs)
	
	• Retirement income plans
	  • Retirement income funds
	  • Life income funds
	
	• Residential mortgages[2]
	• Banking products
		Advisor Solutions
		• 4,122 financial security advisors registered with Quadrus Investment Services
		
		Investment Planning Counsel
		• 626 financial security advisors
		
		Value Partners
		• Approximately 75 financial security advisors
		
		Independent Distribution
		• 6,558 independent brokers associated with 31 MGAs[5]
		• 1,155 advisors associated with 14 national accounts
		• 1,452 IG Wealth Management consultants who actively sell Canada Life products
		• 106 direct brokers and producer groups
		
		Financial Horizons Group[5] (Segregated Funds Only)
		• 5,166 independent brokers selling products from across the industry, including Canada Life
		
		Quadrus Investment Services Ltd. (also included in Advisor Solutions advisor counts):
		• 2,542 investment representatives

1 As at October 31, 2023.

2 The Canada segment ceased residential mortgage origination in November 2022.

3 As at November 30, 2023.

4 Advisor Solutions includes all contracted advisors. Independent Distribution and Financial Horizons Group include advisors who placed new business in 2023.

5 Financial Horizons Group advisors that placed Canada Life business in 2023 are also included in the MGA independent broker count.

Insurance & Annuities

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

Market Position	Products and Services	Distribution[2,3]
• A leader in individual life insurance sales measured by new total premiums with 15.7% market share[1] • A significant provider of individual disability and critical illness insurance with 9.3% market share of new sales[1]	**Individual Life Insurance** • Term life • Universal life • Participating life **Living Benefits** • Disability • Critical illness **Retirement Income Plans** • Payout annuities • Deferred annuities	**Advisor Solutions** • 4,122 financial security advisors **Independent Distribution** • 6,558 independent brokers associated with 31 MGAs[4] • 1,155 advisors associated with 14 national accounts • 1,452 IG Wealth Management consultants who actively sell Canada Life products • 106 direct brokers and producer groups **Financial Horizons Group[4]** • 5,166 independent brokers selling products from across the industry, including Canada Life

1 For the nine months ended September 30, 2023.

2 As at November 30, 2023. On December 4, 2023, Canada Life announced a strategic partnership with nesto starting in 2024.

3 Advisor Solutions includes all contracted advisors. Independent Distribution and Financial Horizons Group include advisors who placed new business in 2023.

4 Financial Horizons Group advisors that placed Canada Life business in 2023 are also included in the MGA independent broker count.

Competitive Conditions

Workplace Solutions

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

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

Individual Wealth Management

The individual wealth management marketplace is very competitive. The mutual fund market is fragmented, with the largest participant having 16% market share of assets. 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 broad spectrum of distribution associates, including affiliated and independent channels, which was further enhanced in 2023 with the acquisition of IPC and Value Partners, provide important strategic advantages within the Canadian market.

Insurance & Annuities

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

2023 Developments

Strategic Developments

- On November 30, 2023, Canada Life completed the previously announced acquisition of IPC, a leading independent wealth management firm, from IGM. Canada Life acquired IPC for a total purchase consideration of $585 million. Transaction and integration costs of $25 million pre-tax are expected over 18 months after the deal is closed. IGM is an affiliated company and a member of the Power Corporation group of companies.
- On September 8, 2023, Canada Life completed its acquisition of Value Partners, bringing complementary capabilities that will further extend wealth offerings for advisors and their clients.
- With the acquisitions of Value Partners and IPC, Canada Life is accelerating its vision to establish a leadership position in the Canadian independent advisor wealth market in Canada with more than 4,000 advisor relationships and $102 billion in assets under administration.

Business Developments

- Canada Life onboarded the Canada federal government PSHCP on July 1st, 2023, after 19 months of preparations. The PSHCP is the largest group benefit plan in Canada and increased Canada Life’s group life & health block by approximately 15% and extended the Company's capabilities in the group health insurance market to better support all customers in the future. While the initial impact to operations and customer service of onboarding the PSHCP was larger than originally expected, this prompted a number of agile responses, including the development and implementation of a Customer Service Action Plan, which has reduced call wait times, accelerated claims processing, and escalated urgent cases. The Company has also worked hard to be transparent to plan members, publicly posting our progress on improving service standards and updating frequently asked questions on a regular basis. The plan has shown great progress and call centre and claims processing times are now at target levels. Since July 1, we have processed over 14 million claims totaling almost $1 billion. Our priority going forward is implementing the final set of plan design changes the federal government has made for January 1, 2024.
- Canada Life was awarded the Canada federal government dental care benefits program in June 2023. This win extends a decades-long relationship in retaining the PSDCP for active employees and expands to include the retiree plan effective July 1, 2024. Overall, the program represents approximately $550 million in annual paid claims and supports the same 1.7 million Canadians as the PSHCP onboarded on July 1, 2023.
- Canada Life has agreed to become the new insurer for a major Canadian Bank's Credit Card Creditor Insurance program. Once implemented, this transaction will be one of the largest in the history of Canada Life Creditor Insurance, and will further strengthen our leading position in market share.
- The Company launched Canada Life My Par Gift™, a first-of-its-kind, innovative participating life insurance product for donors and registered charities.
- During the third quarter of 2023, Canada Life expanded its mobile Android and iPhone apps to include group savings, creating a unified experience to match the industry-leading My Canada Life at Work member site. Members now can make claims, see balances, and easily understand their group savings in a single, easy-to-use, and easy-to-access dedicated mobile experience.
- On December 4, 2023, Canada Life announced a strategic partnership with nesto, a leading Canadian digital mortgage company, to provide mortgage service and administration for Canada Life's residential mortgage customers. Starting January 2024, nesto began servicing and the administration of Canada Life's residential mortgage portfolio.

Selected Financial Information - Canada

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1]					
Workplace Solutions	$ 192	$ 191	$ 141	$ 706	$ 631
Individual Wealth Management	46	49	44	202	199
Insurance & Annuities	60	58	120	224	358
Corporate	3	(2)	(45)	26	(24)
Base earnings (loss)[1]	$ 301	$ 296	$ 260	$ 1,158	$ 1,164
Items excluded from base earnings	(135)	118	92	(197)	267
Net earnings - common shareholders	$ 166	$ 414	$ 352	$ 961	$ 1,431
Sales[2]					
Group Life & Health	$ 135	$ 1,913	$ 138	$ 2,336	$ 610
Group Retirement	1,143	617	1,068	3,151	3,457
Workplace Solutions	1,278	2,530	1,206	5,487	4,067
Individual Wealth Management	2,869	2,100	2,545	9,801	9,674
Insurance & Annuities	175	152	278	637	902
Net cash flows[2]					
Group Retirement	$ 435	$ (161)	$ 186	$ 849	$ 1,016
Individual Wealth Management	(572)	(427)	(329)	(1,960)	(1,324)
Net cash flows[2]	$ (137)	$ (588)	$ (143)	$ (1,111)	$ (308)
Fee and other income					
Workplace Solutions	$ 244	$ 233	$ 219	$ 945	$ 822
Individual Wealth Management	131	88	88	401	360
Corporate	8	7	6	31	30
Fee and other income	$ 383	$ 328	$ 313	$ 1,377	$ 1,212
Group life and health book premiums[2]	$ 14,843	$ 14,700	$ 12,155		
Total assets	$ 203,784	$ 191,837	$ 190,249		
Other assets under management[2,3]	13,056	7,460	4,057		
Total assets under management[1]	216,840	199,297	194,306		
Other assets under administration[2]	55,635	27,759	26,344		
Total assets under administration[1]	$ 272,475	$ 227,056	$ 220,650		
Contractual service margin					
Insurance & Annuities - Non-Participating	$ 1,159	$ 1,149	$ 1,264		
Individual Wealth Management - Segregated Funds	1,846	1,797	1,878		
Insurance & Annuities - Participating	2,869	3,385	3,376		
Contractual service margin	$ 5,874	$ 6,331	$ 6,518		

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

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

3 At December 31, 2023, Canada Life had $7.1 billion of proprietary mutual fund assets held by retail clients ($6.9 billion at December 31, 2022); however, $3.3 billion ($2.9 billion as at December 31, 2022) of these assets are consolidated as investments on account of segregated fund policyholders on the Company's balance sheet.

Base and net earnings

In the fourth quarter of 2023, the Canada segment's base earnings of $301 million increased by $41 million or 16% compared to the same quarter last year, reflecting strong group disability results driven by improved morbidity experience and management pricing actions and higher earnings on surplus, partially offset by unfavourable individual insurance mortality experience and favourable impacts from certain tax estimates in 2022 which did not repeat.

In the fourth quarter of 2023, net earnings of $166 million decreased by $186 million compared to the same quarter last year. Items excluded from base earnings were negative $135 million compared to positive $92 million for the same quarter last year. Market experience relative to expectations were negative $114 million in the fourth quarter of 2023 due to a decrease in long-term interest rates and credit spreads, which increased the fair value of liabilities more than the assets supporting them. This was partially offset by favourable non-fixed income asset performance. This compares to positive $61 million in the same quarter last year due to an increase in long-term interest rates, partially offset by a decrease in credit spreads, which decreased the fair value of liabilities more than the assets supporting them. This was also partially offset by a unfavourable non-fixed income performance. The prior year items also included a positive $63 million one-time impact for a change in the Canadian statutory income tax rate, which did not repeat.

In conjunction with the transition to IFRS 17, the Company made ALM and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted in order to balance LICAT capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with Management's expectations. For additional information, refer to the "Transition to IFRS 17 and IFRS 9" section of this document.

For the twelve months ended December 31, 2023, base earnings of $1,158 million decreased by $6 million compared to the same period last year, primarily due to favourable impacts from certain tax estimates in 2022 that did not repeat and slightly lower CSM recognition for services provided. This was partially offset by increased group life and health earnings driven by premium growth and strong disability experience, and higher earnings on surplus. Base earnings before tax for the twelve months ended December 31, 2023 grew 10% compared to the same period last year.

For the twelve months ended December 31, 2023, net earnings decreased by $470 million to $961 million compared to the same period last year. Items excluded from base earnings were negative $197 million compared to positive $267 million for the same period last year. Market experience relative to expectations was negative $139 million compared to positive $136 million for the same period last year. Assumption changes and management actions were negative $38 million compared to positive $87 million for the same period last year, although these changes must be considered along with the associated CSM impacts. In addition, the prior year included a positive $63 million one-time impact for a change in the Canadian statutory income tax rate.

For the fourth quarter of 2023, the net loss attributable to the participating account was $5 million compared to a net loss of $134 million for the same quarter last year, primarily driven by more favourable net investment results, partially offset by less favourable tax impacts compared to the same quarter last year.

For the twelve months ended December 31, 2023, net earnings attributable to the participating account was $16 million compared to a net loss of $86 million for the same period last year, primarily due to more favourable net investment results and higher CSM recognition for services provided, partially offset by less favourable tax impacts compared to the same period last year.

Sales

Group life and health sales for the fourth quarter of 2023 of $135 million decreased by $3 million compared to the same quarter last year, due to lower creditor sales, offset by higher mid-sized market sales. Group retirement sales for the fourth quarter of 2023 of $1,143 million increased by $75 million compared to the same quarter last year, primarily due to higher asset retention and group capital accumulation plan sales. Individual wealth management sales for the fourth quarter of 2023 of $2,869 million increased by $324 million compared to the same quarter last year, primarily due to higher proprietary and third party mutual fund sales. Insurance and annuities sales for the fourth quarter of 2023 of $175 million decreased by $103 million compared to the same quarter last year, primarily due to lower individual and single premium group annuity sales, partially offset by higher non-par insurance sales.

For the twelve months ended December 31, 2023, group life and health sales of $2,336 million increased by $1,726 million compared to the same period last year, primarily due to the addition of the Canada federal government PSHCP. Group retirement sales for the twelve months ended December 31, 2023 of $3,151 million decreased by $306 million compared to the same period last year, due to lower group capital accumulation plan sales. Individual wealth management sales for the twelve months ended December 31, 2023 of $9,801 million increased by $127 million compared to the same period last year, primarily due to higher third party mutual fund and guaranteed sales. Insurance and annuities sales for the twelve months ended December 31, 2023 of $637 million decreased by $265 million compared to the same period last year, due to lower individual and single premium group annuity sales.

Group life and health book premiums

Group life and health book premiums at December 31, 2023 were $14,843 million, an increase of $143 million compared to September 30, 2023, primarily due to natural growth in the book.

Net cash flows

In the fourth quarter of 2023, net cash outflows were $137 million compared to net outflows of $143 million for the same quarter last year. Higher individual wealth management mutual fund and group retirement sales were offset by higher individual wealth management segregated fund and mutual fund withdrawals.

For the twelve months ended December 31, 2023, net cash outflows were $1,111 million compared to net outflows of $308 million for the same period last year. The increase in outflows was primarily due to higher individual wealth management segregated fund withdrawals, partially offset by lower individual wealth management third party mutual fund withdrawals.

Fee and other income

Fee and other income for the fourth quarter of 2023 of $383 million increased by $70 million compared to the same quarter last year, primarily due to growth in administrative services only fees and the acquisitions of Value Partners and Investment Planning Counsel.

Fee and other income for the twelve months ended December 31, 2023 of $1,377 million increased by $165 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Contractual service margin (CSM)

Contractual service margin at December 31, 2023 was $5,874 million, a decrease of $457 million compared to September 30, 2023, primarily driven by participating account assumption changes and impact of yield curve changes, partially offset by positive segregated fund market impacts and favourable impacts of a reinsurance negotiation.

At December 31, 2023, total contractual service margin was $5,874 million, a decrease of $644 million from December 31, 2022. The decrease was primarily due to the same reasons discussed for the in-quarter movement in contractual service margin as well as the impact of unfavourable insurance experience.

Outlook

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

Workplace Solutions

The group life and health market in Canada is primarily shared by three major players, including Canada Life. Major factors affecting the growth of this market, as well as the Company, include employment growth, macroeconomic conditions such as interest rate, and regulatory/legislative landscape shift such as the pending Pharmacare bill in Canada. The group retirement market in Canada is dominated by the same major players. Major factors affecting the growth of this market, as well as the Company, include employment growth, ability for workers to put aside retirement savings, and macroeconomic conditions such as interest rate and public equity market.

During 2023, Workplace Solutions solidified its leading position in the Canadian group market onboarding the PSHCP and with being awarded the Public Service Dental Care Plan (PSDCP). The Company believes that its leading or strong market share in all case sizes, regional and benefit market segments, together with its distribution capacity, will facilitate continued growth.

In 2024, Workplace Solutions plans to: enhance its competitive position by focusing on improving its operational resilience; enhance its productivity as well as customer and employee experience by making further investments in workflow, automation, digital innovation and artificial intelligence; and further improve efficiency and customer service by building additional digital capabilities to meet the needs of the PSDCP that can be leveraged by the rest of the business. In addition, Workplace Solutions plans to continue its focus and investment in the disability offering and operations to support growth and profitability in this business.

Workplace Solutions will also continue to offer members enhanced products that will be more readily available through the Freedom Experience suite of products. The business will continue to capitalize on acquisition of ClaimSecure, leverage newly acquired capabilities to offer an enhanced product shelf, and grow in the third party administrator business segment.

Individual Wealth Management

The individual wealth management market in Canada is shared among banks, wealth advisory companies, life insurers and others, including online platform such as WealthSimple. Major factors affecting the growth of this market, as well as the Company, include growth in private wealth, pattern of wealth accumulation and decumulation, regulatory/legislative landscape shift, and macroeconomic conditions such as the public equity market.

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 2024 and beyond.

In 2023, the Company acquired IPC and Value Partners to further extend wealth offerings for advisors and their clients, as well as accelerate the Company's strategy of building the leading platform for independent advisors in Canada. With more than $100 billion in assets, the Company is becoming one of Canada's leading non-bank wealth managers.

In 2024, Individual Wealth Management will leverage the newly acquired capabilities to advance its growth strategies. The business will enhance the value propositions for advisors in all channels, providing them with strategies and tools, helping their customers focus on achieving long-term financial security. This commitment to advice is beneficial to strong customer retention as well as helping advisors attract new customers.

The business will continue to competitively develop, price and market a comprehensive range of individual wealth management products while maintaining its focus on providing a leading platform to customers and independent advisors in all channels. These capabilities will be further improved with the recent acquisitions. The business will also leverage economies of scale across its recently acquired wealth management platforms, where relevant for customers and advisors.

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 need for life and health protection, tax and estate planning, growth in private wealth, regulatory/legislative landscape shift, and macroeconomic conditions including interest rates and public equity markets.

In 2023, the Company continued to strengthen its distribution network and product suite by launching a new product, My Par Gift and improved pricing for term, universal life and critical illness products. The Company also continued to enhance features for its web-based illustrations.

In 2024, Insurance & Annuities will continue to advance on business strategies of balancing growth with disciplined pricing and risk selection. The business will continue to competitively develop, price and market a comprehensive range of individual insurance products, while maintaining a strong focus on pricing and risk management discipline. The Company will also continue to monitor and respond to the impacts of fluctuation in long-term interest rates and price compression.

The Company remains committed to supporting its advisors. Distribution channels will maximize the use of common tools, processes and support, while tailoring support to specific segments of advisors, where appropriate. It will continue to focus on sales and service support to customers and advisors in all channels.

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

United States

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

Business Profile

Empower Defined Contribution

Empower Defined Contribution helps people with saving, investing and advice through employer sponsored defined contribution, defined benefit and non-qualified plans including enrollment services, communication materials, investment options and education services as well as individual product solutions for participants in employer sponsored plans. It also offers private label recordkeeping and administrative services for other providers of employer-sponsored defined contribution plans. Empower Defined Contribution aligns with the Workplace Solutions value driver.

Empower Personal Wealth

Empower Personal Wealth offers retail wealth management products and services to individuals, including individual retirement accounts and after-tax investment accounts. Empower Personal Wealth aligns with the Wealth & Asset Management value driver.

Asset Management

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

Market Overview

Empower Defined Contribution

Market Position	Products and Services	Distribution
• Second largest defined contribution service provider in the country[1] by participants providing services for 17.9 million participant accounts and approximately 82,000 plans,[2] with clients in all 50 states, Puerto Rico and Guam • Industry leader for corporate plan sponsors: largest defined contribution provider to small-mid plan sponsors by participants and serves 2 of the largest 5 plans in the nation[1] • Provides services to government plans in all 50 states, including administration or investment services for 29 state plans • Largest provider of Union plan services[3] • Award-winning sales support and recognized #1 overall value for price[4]	• Employer-sponsored defined contribution, defined benefit and non-qualified plans and a complete array of financial wellness programs • Administrative and recordkeeping services, including enrollment, communication, and education programs • Fund management, investment and advisory services • Workplace advice solutions	• Retirement services products distributed to plan sponsors through brokers, consultants, advisors, third-party administrators and banks • Retirement plan sponsors are supported by Empower's dedicated sales, account management and client service professionals • Empower private label recordkeeping and administrative services distributed through institutional clients

1 2023 PLANSPONSOR DC Recordkeeping Survey as of December 31, 2022.

2 As of December 31, 2023.

3 2023 Pensions & Investments DC Recordkeeping Survey.

4 PLANADVISER 2022 Retirement Plan Advisor Survey. NAPA Advisors' Choice Awards 2023.

Empower Personal Wealth

Market Position	Products and Services	Distribution
• Individual wealth management provider with approximately 647,200 accounts and $72 billion in assets under administration.	• Fund management, investment and advisory services • Individual retirement accounts (IRAs) and taxable brokerage accounts	• IRAs and taxable brokerage accounts available to individuals distributed directly to consumers utilizing best-in-class digital platform acquired through Personal Capital

Competitive Conditions

Empower Defined Contribution

The employer sponsored defined contribution market is extremely competitive and includes other well-established insurance companies and financial service providers, banks, investment advisors, record keepers and certain service and professional organizations. No single competitor or small number of competitors is dominant. The Company competes primarily based on name recognition, price, breadth and quality of service, technology, financial strength and the ability to offer products and services that meet the needs of its diverse clients.

Empower Personal Wealth

Competition in the wealth management market is intense, and clients have diverse preferences, leading to a fragmented market. The Company’s competitors include traditional brick and mortar, hybrid and digital registered investment advisors, independent advisory firms, brokerages, mutual fund companies, insurance companies and banks. Though no one competitor is dominant, a handful of legacy organizations are leveraging their size and name recognition while there are continued challenges from new and existing market participants. Competition focuses on brand recognition, investment strategies and performance, technology and innovation, fees and cost structure, customer service, product offerings and reputation driven by third party reviews and social media.

2023 Developments

Strategic Developments

- Subsequent to December 31, 2023, on January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton", in exchange for Franklin Templeton common shares, cash, and other deferred and contingent consideration. The transaction is not expected to have a material financial impact for Lifeco at close and will be reflected in the first quarter 2024 results. Lifeco will retain its controlling interest in PanAgora Asset Management, a leading quantitative asset manager, and has agreed to retain shares representing approximately 4.9% of outstanding Franklin Templeton stock for a minimum 5-year period.

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

- On April 1, 2022, Empower completed the acquisition of the full-service retirement services business of Prudential.

  Empower anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's recordkeeping platform. Estimated run-rate cost synergies of US$180 million are expected to be phased in over 24 months from the date of acquisition, primarily when systems migrations are completed. As of December 31, 2023, US$80 million of pre-tax run rate cost synergies have been achieved. Revenue synergies of US$20 million are expected on a run-rate basis by the end of 2024 and are expected to grow to US$50 million by the end of 2026.

  Empower expects to incur one-time integration and restructuring expenses of US$170 million pre-tax related to the Prudential acquisition, US$19 million pre-tax of which were incurred in the fourth quarter of 2023. The integration is expected to be completed in the first half of 2024.

(in US$ millions)	**For the three months ended**		**For the twelve months ended**	**Total expensed to date**
	Dec. 31 2023	Sept. 30 2023	**Dec. 31 2023**	**Dec. 31 2023**
Restructuring and integration (pre-tax)	$ 19	$ 12	$ 65	$ 133
Restructuring and integration (post-tax)	14	9	48	99

- In the first quarter of 2023, Empower launched Empower Personal Wealth with an expanded focus on retail wealth management. This new business is working to make money management simpler, clearer and more accessible by bringing together everything a customer owns and owes in one comprehensive dashboard that they and their advisor can leverage to take control of their personal wealth. The results of the business acquired from Personal Capital are now included within Empower Personal Wealth results.

Selected Financial Information - United States

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss) (US$)[1]					
Empower Defined Contribution	$ 155	$ 163	$ 135	$ 659	$ 524
Empower Personal Wealth	40	38	30	135	79
Asset Management[3]	—	(2)	5	(7)	—
Corporate	(2)	(4)	(10)	(38)	(40)
Base earnings (loss) (US$)	$ 193	$ 195	$ 160	$ 749	$ 563
Items excluded from base earnings (US$)	(51)	(13)	(35)	(177)	(211)
Net earnings from continuing operations (US$)[2]	$ 142	$ 182	$ 125	$ 572	$ 352
Base earnings (loss) (C$)[1,3]	$ 261	$ 262	$ 215	$ 1,006	$ 737
Net earnings from continuing operations (C$)[2]	$ 194	$ 244	$ 168	$ 769	$ 464
Net flows (US$)[2]					
Empower Defined Contribution[4]	$ 8,301	$ (6,976)	$ 3,650	$ 11,001	$ 31,949
Empower Personal Wealth[5]	1,653	1,881	2,417	8,519	9,257
Asset Management[3]	(995)	(1,486)	(675)	(3,777)	(2,787)
Net flows (US$)[2]	$ 8,959	$ (6,581)	$ 5,392	$ 15,743	$ 38,419
Net flows (C$)[2]	$ 12,184	$ (8,818)	$ 7,333	$ 21,370	$ 49,524
Fee and other income (US$)					
Empower Defined Contribution	$ 586	$ 569	$ 543	$ 2,273	$ 2,058
Empower Personal Wealth	109	104	83	398	315
Asset Management[3]	19	20	27	81	96
Fee and other income (US$)	$ 714	$ 693	$ 653	$ 2,752	$ 2,469
Fee and other income (C$)	$ 970	$ 928	$ 887	$ 3,706	$ 3,225
Total assets (US$)	$ 229,947	$ 218,344	$ 219,408		
Continuing operations - other assets under management[2]	108,268	100,045	94,587		
Discontinued operations - other assets under management[2]	121,478	112,519	110,700		
Total assets under management[1]	459,693	430,908	424,695		
Other assets under administration[2]	1,270,267	1,144,242	1,056,914		
Total assets under administration (US$)[1]	$ 1,729,960	$ 1,575,150	$ 1,481,609		
Total assets under administration (C$)[1]	$ 2,300,847	$ 2,142,204	$ 2,000,173		

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 Comparative results are restated to exclude discontinued operations related to Putnam Investments.
4 Comparative results for the twelve months ended December 31, 2022 do not include $403.3 billion (US$315.1 billion) in transfers related to the Prudential acquisition.
5 Comparative results for the twelve months ended December 31, 2022 do not include $7.8 billion (US$6.1 billion) in transfers related to the Prudential acquisition.
Note: The United States segment does not have a material contractual service margin (CSM) balance.

Base earnings and net earnings from continuing operations

In the fourth quarter of 2023, net earnings from continuing operations increased by US$17 million to US$142 million compared to the same quarter last year. Base earnings of US$193 million increased by US$33 million compared to the same quarter last year, primarily due to an increase in fee and other income due to organic growth in the business, higher average equity markets, as well as a favourable fee income adjustment related to Prudential. This increase was partially offset by credit-related impairments of commercial mortgage loans in the fourth quarter of 2023.

Items excluded from base earnings increased to negative US$51 million compared to negative US$35 million for the same quarter last year, primarily due to unfavourable market experience relative to expectations as well as higher amortization of acquisition-related intangible assets. In addition, the fourth quarter of 2022 included a favourable adjustment related to the completion of the Prudential acquisition.

For the twelve months ended December 31, 2023, net earnings from continuing operations increased by US$220 million to US$572 million compared to the same period last year. Base earnings of US$749 million increased by US$186 million compared to the same period last year, primarily due the same reasons discussed for the in-quarter results as well as higher contribution from investment experience and an additional quarter of Prudential-related earnings in 2023.

For the twelve months ended December 31, 2023, items excluded from base earnings were negative US$177 million compared to negative US$211 million for the same period last year. The improvement was primarily due to lower integration and restructuring costs related to the completion of the MassMutual and Personal Capital integrations in 2022 and improved market experience relative to expectations. These improvements were partially offset by a provision recorded in the second quarter of 2023 related to Empower's sale, via indemnity reinsurance, of substantially all of its individual life and annuity business in 2019.

Net flows

In the fourth quarter of 2023, net inflows were US$9.0 billion compared to net inflows of US$5.4 billion for the same quarter last year, primarily due to increased large plan sales. Large plan sales can be highly variable from period to period and tend to be lower margin; however, contribute to covering fixed overhead costs.

For the twelve months ended December 31, 2023, net inflows were US$15.7 billion compared to net inflows of US$38.4 billion for the same period last year excluding US$321.2 billion in net transfers related to the Prudential acquisition. The decrease was primarily due to net participant redemptions of assets under administration in Empower Defined Contribution, as well as lower inflows. Empower Defined Contribution had large plan sales contributing US$43.7 billion in assets in 2022 compared to US$24.6 billion in large plan sales in 2023.

Fee and other income

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

Fee and other income for the fourth quarter of 2023 of US$714 million increased by US$61 million compared to the same quarter last year. The increase was primarily due to increased participants and assets under administration due to higher equity market levels and overall growth in the business. Additionally, there were one-time amounts related to the Prudential integration that favourably contributed to the current quarter.

Fee and other income for the twelve months ended December 31, 2023 of US$2,752 million increased by US$283 million compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results as well as an additional quarter of Prudential related fee income.

Empower - Assets under administration (US$)

	Dec. 31 2023	Dec. 31 2022 (Restated)
General account - fixed options	$ 66,531	$ 73,955
Segregated funds - variable options	131,954	123,166
Other assets under management[1]	75,794	62,706
Other assets under administration[2]	1,270,267	1,056,914
Total	$ 1,544,546	$ 1,316,741

[1] At December 31, 2023, other assets under management included US$21.4 billion in Putnam managed funds (US$19.6 billion at December 31, 2022) and US$95.6 billion in Prudential managed funds (US$89 billion at December 31, 2022).

[2] At December 31, 2023, other assets under administration included US$316 billion in Prudential managed funds (US$197 billion at December 31, 2022).

Empower customer account values at December 31, 2023 of US$1.5 trillion increased by US$227.8 billion compared with December 31, 2022, primarily due to an increase in non-proprietary funds in other assets under administration in Empower Defined Contributions due to market activity.

Outlook

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

Empower Defined Contribution

Empower is positioned for significant growth opportunities with expertise and diversification across all plan types, company sizes and market segments. With its growth by acquisitions starting in 2020, Empower has added significant expertise, a broader set of capabilities and an expanded product portfolio. Empower continues to be firmly positioned as the second largest player in the U.S. retirement market with anticipated organic growth at one and a half to two times the industry. This is expected to result in an increased contribution from Empower to overall Lifeco results. Empower also expects continued consolidation in the workplace retirement market and will assess acquisition opportunities as they emerge.

In 2024, Empower’s strategies to drive sales growth will continue to include active marketing of the Empower brand, investing in product differentiation and offering a best-in-class service model. In the first half of 2024, Empower anticipates the completion of the integration of the Prudential business acquired in 2022 resulting in additional cost synergies.

Empower remains focused on continuously improving the plan and participant experience. This includes continued investment in technology solutions to enhance the customer web experience including the Empower Personal Dashboard, adding innovative capabilities, and investing in artificial intelligence. These efforts are expected to increase customer retention and ultimately increase participant retirement savings.

Empower Personal Wealth

Empower Personal Wealth was launched in the first quarter of 2023 by combining Empower's legacy rollover and brokerage offerings with the capabilities and customers from the business acquired from Personal Capital. It focuses on providing retail wealth management to individual investors through its individual retirement accounts (IRAs) and taxable brokerage offerings.

In 2024, Empower Personal Wealth will continue to serve its existing customers and stimulate growth through focus on advice and digital tools and continued active marketing of the Empower brand. It will continue to develop and offer a broad range of product solutions that leverage the Empower Personal Dashboard. Those products include individual retirement accounts and other retirement solutions, taxable solutions including brokerage account products, personalized financial advice and high net worth solutions. Management has identified key areas of focus for these initiatives to facilitate the objective of organic growth, including continuing to invest in digital solutions to support advisors and customers and addressing its legacy of administration systems and processes to unlock the potential for future growth.

Europe

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

Business Profile

Workplace Solutions

Workplace Solutions consists of group life and health insurance business in the U.K. and Ireland as well as group retirement and employee benefit consulting services in Ireland. These products and services are distributed through employee benefit consultants in the U.K. and independent brokers and a direct sales force in Ireland. Irish Life Health offers individual and corporate health plans, distributed through independent brokers and direct channels. The Company's subsidiary Unio Employee Benefits, established in the first quarter of 2023, offers employee benefits consulting services in Ireland and represents the amalgamation of three of Ireland's leading employee benefits consulting companies. The Company's subsidiary Cornmarket Group Financial Services Limited is Ireland's largest public sector provider of financial services with over 440,000 active policies at the end of 2023.

Individual Wealth & Asset Management

Individual Wealth & Asset Management consists of investments products offered in the U.K., pension, savings, and investment products offered in Ireland and pension products offered in Germany. The core products offered are investments, including life bonds, retirement drawdown and pension. These products are distributed through independent financial advisors, including owned independent financial advisors, a direct sales force, tied agent bank branches and by companies in the Isle of Man selling into the U.K. Canada Life Asset Management (CLAM) is a fund management company managing a broad range of assets on behalf of the U.K. businesses and companies in the Lifeco group. Irish Life Investment Managers (ILIM) is one of the Company's fund management operations in Ireland. In addition to managing assets on behalf of companies in the Lifeco group, ILIM also manages assets for a wide range of institutional clients including pension schemes, insurance companies, wealth managers, fiduciary managers and sovereign wealth funds across Europe and North America. Setanta Asset Management, a subsidiary of the Company also based in Ireland, manages assets for third-party institutional clients and a number of companies in the Lifeco group. The Company operates two wealth consultancy businesses in Ireland. One of which is Unio Wealth Management, established in the first quarter of 2023, which represents the amalgamation of three of Ireland's leading wealth management companies.

Insurance & Annuities

Insurance & Annuities consists of bulk and individual payout annuities offered in the U.K and Ireland, equity release mortgages offered in the U.K., and individual protection insurance offered in Ireland and Germany. These products are distributed through independent brokers and multi-tied agents. During 2023, Canada Life U.K. announced an agreement to sell its individual onshore protection business that has been closed to new business since late 2022.

Market Overview

Workplace Solutions

Market Position	Products and Services	Distribution
U.K. • Group life market share 23%[1] • Group income protection market share 14%[1] **Ireland** • Life assurance market share 36%[2] • Group DC schemes market share 39%[3] • Group third largest health insurance business through Irish Health with a market share of 21%[4]	**U.K.** • Group life insurance • Group income protection (disability) • Group critical illness **Ireland** • Group critical illness • Group and individual health insurance • Group risk & pension • Group wealth management services	**U.K.** • Financial advisors • Employee benefit consultants **Ireland** • Independent brokers (including owned brokers) • Pension consultants (including owned pension consultants) • Direct sales force made up of primarily self employed tied agents and a smaller employed sales team • Direct digital and contact centre

1 As at December 31, 2022.

2 As at June 30, 2023. This is the total Irish Life Assurance share of the Life, Pensions & Investments market.

3 As at January 31, 2023 based on the officially published 2022 figures.

4 As at September 30, 2023.

Individual Wealth & Asset Management

Market Position	Products and Services	Distribution
U.K. • A market leading international life company selling into the U.K. market with over 26% market share[1] **Ireland** • ILIM is one of the largest institutional fund managers in Ireland with $156 billion assets under management[2] • Setanta Asset Management has approximately $20 billion of assets under management[2] • Unio is one of Ireland's leading wealth management companies **Germany** • 3% share of the broker market[3]	**U.K.** • Individual savings and investments (retirement drawdown & pension, onshore & international bonds and collective investment funds) **Ireland** • Individual risk & pensions • Individual wealth management services • Individual savings and investment • Institutional investment management **Germany** • Pensions • Variable annuities (GMWB)	**U.K.** • Financial advisors • Private banks **Ireland** • Independent brokers (including owned brokers) • Pension and investment consultants • Direct sales force made up of primarily self employed tied agents and a smaller employed sales team • Direct digital and contact centre • Tied bank branch distribution **Germany** • Independent brokers • Multi-tied agents

1 Market share position is based on Acuity U.K. Index Q3 2023.

2 As at December 31, 2023.

3 As at September 30, 2023.

Insurance & Annuities

Market Position	Products and Services	Distribution
U.K. • Payout annuities market share 21% (advisor only)[1] • A leading company in the equity release market with 9% market share[2] **Ireland** • Market leader with total market share of 36%[3] • Number one in individual life insurance with 27%[4] • Number one in bulk annuities with 57% market share[5] **Germany** • 7% share of the broker market[6]	**U.K.** • Individual and bulk payout annuities • Fixed term annuities • Individual life insurance (closed to new business) • Individual critical illness (closed to new business) • Equity release mortgages **Ireland** • Individual and bulk payout annuities • Individual protection products **Germany** • Income protection (disability) • Critical illness • Individual life insurance	**U.K.** • Financial advisors • Employee benefit consultants **Ireland** • Independent brokers (including owned brokers) • Direct sales force made up of primarily self employed tied agents and a smaller employed sales team • Direct digital and contact centre • Tied bank branch distribution **Germany** • Independent brokers • Multi-tied agents

1 Market share based on third quarter 2023 data through financial advisors, restricted whole market advisors and non-advised distributor.

2 Equity Release Council market statistics for the fourth quarter of 2022 to the third quarter of 2023.

3 As at June 30, 2023. This is the total Irish Life Assurance share of the Life, Pensions & Investments market.

4 As at June 30, 2023.

5 As at December 31, 2023.

6 As at September 30, 2023.

Competitive Conditions

Workplace Solutions

In the U.K., Canada Life remains as the leader in the market based on premium, lives and number of schemes. The top 4 participants in this market have captured the majority of share in the market by inforce premium.

Irish Life is the largest life assurance company in Ireland with a market share of 36% as at June 30, 2023. While there are a broad number of domestic and multinational participants, the top three participants have a combined share of the market exceeding 75%.

Irish Life Health is one of the three main insurers in the Irish market and provides access to healthcare through its health insurance plans that offers preventative health benefits through a combination of innovative digital and in-person services.

The intermediary division of Irish Life provides employee benefits consultancy to companies in Ireland through Unio and Cornmarket Group Financial Services. Cornmarket Group are the largest Irish public sector's provider of financial services with over 440,000 active policies as at the end of 2023, whereas Unio Financial Services operates predominately in the private sector.

Individual Wealth & Asset Management

Canada Life Asset Management (CLAM) is based in the U.K. with approximately $61 billion of assets under management, as at December 31, 2023. CLAM's core fund management solutions include a broad asset sourcing capability that supports its institutional client mandates, bulk annuity and reinsurance customers and retail collective funds. CLAM distributes its products through a network of platforms, discretionary fund managers and financial advisors.

CLAM recorded collective sales exceeding $1.8 billion including a record year of external fund sales of $777 million. During the fourth quarter, the first institutional inflows occurred and are a part of the WS Canlife Sterling Liquidity Fund.

During the fourth quarter of 2023, Canada Life U.K. received four stars from the Global Real Estate Sustainability Benchmark for the balance sheet property portfolio, and ranked 9th out of 100 from the U.K. Diversified Core participants. The improvement reflects the demonstration of energy saving initiatives, net-zero carbon audits, tenant engagement and surveys, along with improved tenant data collection and green certifications on larger assets.

ILIM is one of Ireland's largest institutional fund managers with approximately $156 billion of assets under management, as at December 31, 2023. ILIM continues to expand its investment offerings in multi asset, real estate and custom indexed solutions to broaden its environmental, social and governance (ESG) capabilities, and evolve its asset and liability management capabilities to support bulk annuity services for large defined benefit pension schemes.

The retail business of Irish Life Assurance plc (ILA) manages both pensions and investment products on behalf of individual customers. At December 31, 2023, the total assets under administration of ILA Retail was approximately $28 billion. This followed the successful transfer of €1.8 billion ($2.7 billion) of funds on November 1, 2023 from ILA to Saol Assurance dac (AIB Life). ILA Retail distributes its products through a broad network in Ireland via independent brokers, banking partners and directly employed advisers and tied agents.

The Company has a leading 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 improvements to help strengthen its position in the competitive German market where it holds a leading position.

Within Individual Wealth & Asset Management, the intermediary division of Irish Life provides wealth services to individuals. This is primarily through Unio Financial Services, which along with an affiliated company, oversees approximately $12 billion of assets on behalf of Workplace and Individual Wealth & Asset Management clients.

Insurance & Annuities

Canada Life in the U.K. has benefited in recent years from an increase in the proportion of customers who are seeking the best price in the open market and buying annuities through financial advisors, which are the Company's primary distribution channel. The Company continues to offer both standard and enhanced annuities as well as investment-based pension and drawdown products for customers wanting to take advantage of pension flexibility.

The Company is well positioned for further growth in the retirement retail market, supported by its equity release mortgage expertise, which is an important part of the retirement market. The Company also offers bulk annuities aimed at trustees of defined benefits plans who want to insure pension annuities in payment. This is a large and growing market and the demand from trustees remains strong as they consider ways to reduce risk. With considerable expertise and experience in longevity and investment products, the Company is well placed in the bulk annuity market.

2023 Developments

Strategic Developments

- During the first quarter of 2023, Irish Life combined its Irish brands: Invesco Limited, Acumen & Trust and APT Wealth Management under a single wealth management umbrella. The new firm, Unio, brings together three advisory firms into one firm with a common advisory and investment proposition for clients. The new company provides expert advice for thousands of individuals in the Irish market who are currently either under-advised, or need assistance in managing their wealth. Underpinned by a market-leading digital platform, Unio will provide personalized client advice and investment solutions to a growing and underserved population.
- On May 16, 2023, Canada Life U.K. announced an agreement to sell its individual onshore protection business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Approximately 47,000 customer policies will transfer to Countrywide in 2024, subject to the completion of a court-approved transfer. This follows the Canada Life U.K. announcement that it closed onshore individual protection insurance to new business in November 2022. As a result of this agreement, divestiture costs of $29 million have been excluded from base earnings in the second quarter of 2023.
- During the fourth quarter of 2023, the Company undertook several strategic actions to help strengthen its market positions in Europe and enhance the outlook for 2024. The one-time financial impacts of these actions were excluded from base earnings:
  - Following the successful launch of the Company's joint venture, AIB Life in 2023, Irish Life completed the sale to AIB Life of a portfolio of policies previously written under our pre-existing distribution agreement with Allied Irish Banks, p.l.c. (AIB). The transaction resulted in a net gain of $118 million ($127 million of which was recorded in the fourth quarter of 2023). The sale of this portfolio of policies adds to the scale of AIB Life and accelerates the timeline to profitability.
  - The Company recorded provisions of $159 million related to the write-off of intangible assets related to certain information technology systems as well as provisions for staff reductions starting in 2024. The write-off of intangible assets and the provision for staff reductions arose from the following business decisions and activities:
    - Subsequent to December 31, 2023, in the first quarter of 2024, the Company announced its decision to close to new business the Company's U.K. on-shore wealth business.
    - The restructuring provision will support the German business with the implementation of its strategy to create growth through product diversification and an efficiency program leveraging the new administration platform and increased automation using artificial intelligence technologies.
    - The continued implementation of the Company's "one Irish Life" strategy including the build out of digital customer technologies and increased automation in Ireland.
  - An inforce block of U.K. annuity business was reinsured externally on attractive terms, supporting capital efficiency and capacity in this business line. This transaction increases the capacity for new U.K. annuity business in the buoyant U.K. market where $991 million in business was written in the second half of 2023 and strengthened the Company’s position for 2024. The reinsurance transaction resulted in a net gain of $110 million and added approximately one and a half points to Canada Life's LICAT ratio.

Business Developments

- Irish Life's EMPOWER Master Trust reached over €6 billion in assets under management by the end of 2023. The master trust is the largest in Ireland, benefiting over 130,000 members by delivering a best-in-class member engagement program, responsible investment strategies and independent governance.
- In September 2023, Canada Life U.K. was awarded U.K. Stewardship Code 2020 status for the first time. The Financial Reporting Council’s U.K. Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of U.K. savers and pensioners, and those that support them. This achievement demonstrates Canada Life U.K.'s credentials in ensuring customers’ assets and the systems depended upon are well looked after.
- Canada Life U.K. wrote eight large bulk annuity sales by the end of 2023, aggregating to $1.1 billion. The U.K. bulk purchase annuities market has been buoyant as trustees seek to de-risk. During the third quarter of 2023, Irish Life completed onboarding a $117 million bulk annuity transaction; the largest bulk annuity transaction to take place in the Irish market in 2023.
- In 2023, Canada Life U.K. achieved a record of full year sales of individual and fixed term annuities with new business sales of $2 billion (£1.2 billion) consisting of over 12,000 new policies.
- Throughout 2023, the Company launched a number of applications and platforms across its business lines to enhance users’ experiences and to extend supports for its clients’ health and well-being. The Company continues to invest internally in automation and digital innovation to streamline processes and workflows with the goal of generating operational efficiencies and increased productivity.

Selected Financial Information - Europe

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1,4]					
Workplace Solutions	$ 87	$ 53	$ 33	$ 258	$ 235
Individual Wealth & Asset Management	43	59	63	161	255
Insurance & Annuities	91	93	163	396	356
Corporate	(8)	1	(3)	(38)	(1)
Base earnings (loss)[1,4]	$ 213	$ 206	$ 256	$ 777	$ 845
Items excluded from base earnings	4	(181)	(281)	(393)	357
Net earnings (loss) - common shareholders	$ 217	$ 25	$ (25)	$ 384	$ 1,202
Sales[2]					
Workplace Solutions	$ 596	$ 568	$ 368	$ 2,343	$ 1,964
Individual Wealth & Asset Management	6,260	5,270	5,223	24,947	21,533
Insurance & Annuities	1,216	1,421	847	3,851	3,783
Net cash flows[2]					
Workplace Solutions	$ 408	$ 510	$ 194	$ 1,605	$ 1,593
Individual Wealth & Asset Management	3,388	363	1,087	7,882	3,662
Insurance & Annuities	30	21	17	93	89
Net cash flows[2]	$ 3,826	$ 894	$ 1,298	$ 9,580	$ 5,344
Fee and other income[4]					
Workplace Solutions	$ 49	$ 38	$ 44	$ 202	$ 193
Individual Wealth & Asset Management	151	153	129	573	529
Insurance & Annuities and Corporate	1	(1)	(5)	2	(8)
Fee and other income[4]	$ 201	$ 190	$ 168	$ 777	$ 714
Group life and health book premiums[2]	$ 2,415	$ 2,348	$ 2,125		
Total assets	$ 194,529	$ 182,742	$ 176,781		
Other assets under administration[2]	63,525	56,300	50,539		
Total assets under management[1]	258,054	239,042	227,320		
Other assets under administration[2,3]	12,076	11,579	11,345		
Total assets under administration[1]	$ 270,130	$ 250,621	$ 238,665		
Contractual service margin					
Insurance & Annuities - Non-Participating	$ 3,255	$ 3,104	$ 2,771		
Individual Wealth & Asset Management - Segregated Funds	1,463	1,323	1,391		
Contractual service margin	$ 4,718	$ 4,427	$ 4,162		

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

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

3 At December 31, 2023, other assets under administration excludes $12.7 billion of assets managed for other business units within the Lifeco group of companies ($11.3 billion at September 30, 2023 and $10.8 billion at December 31, 2022).

4 Following internal reviews, the mapping of certain business units to Value Drivers has been modified and comparative results for the periods ended December 31, 2022 have been restated, as applicable.

Base and net earnings

In the fourth quarter of 2023, the Europe segment's net earnings of $217 million increased by $242 million compared to the same quarter last year. Base earnings of $213 million decreased by $43 million compared to the same quarter last year, primarily due to lower investment earnings in Insurance & Annuities driven by the impact of trading activity in the prior year that did not re-occur. The decrease was partially offset by favourable group protection experience in Workplace Solutions and the impact of currency movement.

Items excluded from base earnings for the fourth quarter of 2023 were positive $4 million compared to negative $281 million for the same quarter last year. The increase was primarily due to a net gain on sale of a portfolio of policies to AIB Life of $127 million and from the impact of recapturing a block of inforce annuities reinsured internally which resulted in a net gain of $110 million. In addition, property value reductions were greater in 2022 than in 2023. These items were partially offset by an asset impairment related to information technology systems as well as provisions for restructuring costs.

In conjunction with the transition to IFRS 17, the Company made ALM and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted in order to balance LICAT capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings from continuing operations driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with Management's expectations. For additional information, refer to the "Transition to IFRS 17 and IFRS 9" section of this document.

For the twelve months ended December 31, 2023, net earnings decreased by $818 million to $384 million compared to the same period last year, primarily due to market related items excluded from base earnings, as described below.

Base earnings of $777 million decreased by $68 million compared to the same period last year, primarily due to lower investment earnings in Insurance & Annuities and changes in fees and expense allocations in Individual Wealth & Asset Management. The decrease was partially offset by favourable group protection experience in Workplace Solutions, improved morbidity experience in Insurance & Annuities and the impact of currency movement.

Items excluded from base earnings decreased by $750 million to negative $393 million. The same period last year included positive contributions from higher-than-expected non-fixed income asset returns and positive impacts from higher risk-free rates, whereas 2023 included negative market experience relative to expectations driven by reductions in commercial property values, and realized OCI losses related to asset rebalancing to shorter duration assets in the surplus account in the second quarter of 2023. These reductions were partially offset by the net gain on sale to AIB Life and the U.K. inforce annuity reinsurance recapture as discussed for the in-quarter results.

Sales

Individual Wealth & Asset Management sales for the fourth quarter of 2023 of $6,260 million increased by $1,037 million compared to the same quarter last year, primarily due to higher wealth fund management sales in Ireland and the U.K. and the impact of currency movement. Insurance & Risk Solutions sales for the fourth quarter of 2023 of $1,216 million increased by $369 million compared to the same quarter last year, primarily due to strong individual annuity sales from higher interest rates and from bulk annuities reflecting improved operational capabilities in the U.K. as well as impact of currency movement. This is partially offset by lower equity release mortgage sales resulting from higher interest rates and lower bulk payout annuity sales in Ireland. Workplace Solutions sales for the fourth quarter of 2023 of $596 million increased by $228 million compared to the same quarter last year, primarily due to pension sales growth in Ireland and the impact of currency movement.

Individual Wealth & Asset Management sales for the twelve months ended December 31, 2023 of $24,947 million increased by $3,414 million compared to the same period last year, primarily due to the same reasons discussed for in-quarter results. Insurance & Risk Solutions sales for the twelve months ended December 31, 2023 of $3,851 million increased by $68 million compared to the same period last year, primarily due to strong individual annuity and bulk annuity sales in the U.K. and impact of currency movement, partially offset by lower equity release mortgage sales in the U.K. Workplace Solutions sales for the twelve months ended December 31, 2023 of $2,343 million increased by $379 million compared to the same period last year, primarily due to the same reasons discussed for in-quarter results.

Group life and health book premiums

Group life and health book premiums at December 31, 2023 were $2.4 billion, an increase of $67 million compared to September 30, 2023, primarily due to organic growth of in-force business.

Net cash flows

In the fourth quarter of 2023, net cash inflows were $3.8 billion compared to net inflows of $1.3 billion for the same quarter last year. The increase was primarily due to higher wealth fund management sales in Ireland.

For the twelve months ended December 31, 2023, net cash inflows were $9.6 billion compared to net inflows of $5.3 billion for the same period last year. The increase was primarily due to the same reasons discussed for in-quarter results.

Fee and other income

Fee and other income for the fourth quarter of 2023 increased by $33 million to $201 million compared to the same quarter last year, primarily due to higher management fees from higher average asset levels in Individual Wealth & Asset Management and the impact of currency movement.

Fee and other income for the twelve months ended December 31, 2023 were $63 million higher compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Contractual service margin

Contractual service margin at December 31, 2023 was $4,718 million, an increase of $291 million compared to September 30, 2023, primarily due to strong contributions of CSM from new business for non-participating products, positive assumption changes, higher market impacts and the impact of currency movement.

At December 31, 2023, total contractual service margin was $4,718 million, an increase of $556 million from December 31, 2022, primarily due to the same reasons discussed for the 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.

Workplace Solutions

- Canada Life U.K.'s group protection business maintained its position as a market leader in 2023 and the Company believes that this market position along with value-add features will facilitate continued growth in premium income. The Company anticipates the beneficial impact of wage inflation will reduce over the short to medium-term as inflationary pressures in the U.K. reduce.
- In 2024, Irish Life will focus on developing a fully integrated corporate engagement strategy to maximize the effectiveness of our strong corporate relationships, ensure we maintain our best-in-class pension, risk and health propositions and continue the journey of integrating its wealth and employee benefits consulting businesses. Through the development of the fully integrated corporate engagement strategy, this will support maximizing the impact of the Irish Life brand and continue to grow both the number of relationships and the depth of these relationships. Irish Life offers a broad level of solutions to corporate clients in the pension, protection, wealth and health spaces ahead of what is customary in these markets.

Individual Wealth & Asset Management

- In 2024, Canada Life U.K. will focus on maintaining its position as a key player in the single premium offshore investment bond marketplace. U.K.'s distribution strategy for wealth will remain focused on financial advisors and maintaining its relationships with institutional partners. We aim to hold our current market leading position. Our success has been driven by breadth and depth of the product range, features and investment options, jurisdictional choice, service, technical support and relationship excellence, as well as competitive pricing. Consolidation has reduced the number of major providers in the market (80% of the market is now controlled by just five providers); this presents the Company with an opportunity to grow its market share further.
- In 2024, Irish Life will continue to grow the new wealth brand Unio, while maintaining our market leading positions in asset management in the areas of sustainability and product innovation.
- In 2024, Canada Life in Germany will focus on growth and diversification in products and propositions, efficiency through automation using technology and artificial intelligence partnerships and enhancing the experience of the independent financial adviser and customer using digital. Occupational pensions are a major growth theme in Germany and the Company will use its franchise and technologies to move up the value curve through small and into medium-size business segments where there is significant pension undercoverage in Germany. The Company has been successful in building a presence in the pensions market by leveraging its UWP competency and in 2024, will explore alternative solutions that are more capital-light while still meeting customer and advisor needs.

Insurance & Annuities

- In 2024, both Canada Life U.K. and Irish Life will focus on maintaining share of the retail payout annuities market while investing in customer service systems. In 2023, rapid growth in the retail payout annuities market was driven by improved payout rates and consumers seeking a guaranteed income. The Company expects that interest in retail annuities will remain high as interest rates persist at a higher level than in the recent past, while overall retirement market demand will continue to grow as retiree finances increasingly reflect historic employer provision shifts from defined benefit to defined contribution plans.
- The Company will further develop its presence in the bulk annuity market where trustees of defined benefit schemes want to remove risk by insuring pension liabilities. 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. In the U.K., the Company invested in its operational capability and proposition in 2023, which is expected to help grow its share of the bulk payout annuities market.
- The outlook for both U.K. gilt prices and property prices remains uncertain over the short-term, however, demand for equity release mortgage products is likely to increase given growing customer needs to cope with cost of living crisis and continuing needs to meet living costs, consolidate debt and manage mortgage debt carried in to later life.
- In 2024, the Company will continue to digitalize and expand its advice services to 1.6 million customers and its advice partners.
- In 2024, Canada Life in Germany will complete the tail migration of all policies onto the new single iSuite administration system and engage in upgrading the system to a more recent version. The new system will enable the Company to drive for increased efficiency through automation and the Company will leverage artificial intelligence technologies to automate core administrative processes starting with new business and indexing processes. The Company is also building its digital and data capabilities and will launch a new customer portal minimum viable product to make it easier for customers to access their plan information.

Capital and Risk Solutions

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

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

Business Profile

Reinsurance

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

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

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

Market Overview

Reinsurance

Market Position	Products and Services	Distribution
• 4th largest reinsurer worldwide by premium volume[1] • Largest life reinsurer worldwide by premium volume[1] • Leading provider of structured reinsurance solutions in the U.S. and Europe markets • Leading provider of U.K. and European longevity reinsurance • Ranked 8th for traditional mortality reinsurance in the U.S in terms of market share[1] • Long-standing provider of a range of property and casualty catastrophe retrocession coverages	**Life, Health and Annuity** • Yearly renewable term • Co-insurance • Modified co-insurance • Risk & capital management solutions **Longevity** • Longevity swaps • Capital management solutions **Mortgage and Surety Reinsurance** • Stop loss and quota share **Property and Casualty** • Catastrophe retrocession • Capital management solutions **Funded Reinsurance** • Coinsurance of life and annuity blocks with assets	• Independent reinsurance brokers • Direct placements

1 As at December 31, 2022.

Competitive Conditions

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

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

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

2023 Developments

- The Capital and Risk Solutions segment continued to grow by providing tailored solutions to customers while increasing diversification within the portfolio. In 2023, the Capital and Risk Solutions segment expanded its international presence in targeted new markets, while continuing to focus on core markets and product expansion in Europe, including two transactions in Italy and expanded our client base in Asia. In the fourth quarter, the Company entered into a long-term longevity reinsurance agreement with an insurance company in the United Kingdom covering approximately £1 billion of pension liabilities and approximately 50,000 in-payment and deferred pensioners.
- The Company offers property catastrophe coverage to reinsurance companies and as a result, the Company is exposed to potential claims arising from major weather events and other catastrophic events, primarily hurricanes, windstorms and earthquakes. Current preliminary estimates of industry losses arising from catastrophe events in the third and fourth quarters of 2023 do not reach the level where any claims would be anticipated. In addition, the Company continues to monitor potential impacts of recent geopolitical conflicts, which are not expected to have a material effect on results.

Selected Financial Information - Capital and Risk Solutions

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1]					
Reinsurance	$ 232	$ 195	$ 179	$ 778	$ 607
Corporate	4	3	2	16	(9)
Base earnings (loss)[1]	$ 236	$ 198	$ 181	$ 794	$ 598
Items excluded from base earnings	(21)	67	(178)	39	(56)
Net earnings - common shareholders	$ 215	$ 265	$ 3	$ 833	$ 542
Total assets[2]	$ 9,088	$ 8,483	$ 8,975		
Contractual service margin					
Reinsurance - Non-Participating	$ 1,745	$ 1,735	$ 1,796		
Reinsurance - Participating	23	24	25		
Contractual service margin	$ 1,768	$ 1,759	$ 1,821		

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

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

Base and net earnings

In the fourth quarter of 2023, the Capital and Risk Solutions segment's net earnings of $215 million increased by $212 million compared to the same quarter last year. Base earnings of $236 million increased by $55 million compared to the same quarter last year, primarily due to growth in the structured business and net positive insurance experience primarily driven by favourable claims developments on prior years' property catastrophe losses, partially offset by unfavourable experience in the U.S. life business and on certain structured transactions.

Items excluded from base earnings were negative $21 million compared to negative $178 million for the same quarter last year driven by relative interest rate and credit spread in-period movements.

In conjunction with the transition to IFRS 17, the Company made ALM and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted in order to balance LICAT capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings from continuing operations driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with Management’s expectations. For additional information, refer to the "Transition to IFRS 17 and IFRS 9" section of this document.

For the twelve months ended December 31, 2023, net earnings increased by $291 million to $833 million compared to the same period last year. Base earnings increased by $196 million to $794 million for the same period last year, primarily due to the same reasons discussed for the in-quarter results as well as a provision for estimated claims related to Hurricane Ian of $128 million in 2022.

For the twelve months ended December 31, 2023, items excluded from base earnings increased by $95 million to positive $39 million compared to the same period last year, primarily due to relative interest rate and credit spread in-period movements, partially offset by net assumption updates.

Contractual service margin

Contractual service margin at December 31, 2023 was $1,768 million, an increase of $9 million compared to September 30, 2023, primarily due to new business and currency impacts which were partially offset by run-off and experience.

At December 31, 2023, total contractual service margin was $1,768 million, a decrease of $53 million from December 31, 2022. The decrease was mainly driven by run-off and unfavourable experience exceeding new business impacts.

Outlook

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

Reinsurance

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

The Company's reinsurance business unit continues to help its clients and other affiliated companies meet capital challenges through innovative reinsurance solutions. Demand for structured reinsurance remains strong and will remain a focus for 2024.

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 2024.

Significant severe convective storms and flood events continued in 2023 along with other major events including fires and earthquakes. As a result, the Company expects 2024 retrocessional pricing to remain relatively elevated, similar to 2023. The Company's primary focus in the property catastrophe market for 2024 will be to continue to support the core client base with prudent attachment levels, restricted territorial scope and risk adjusted premiums.

Lifeco Corporate

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

Selected Financial Information - Lifeco Corporate

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)[1]	$ (40)	$ (12)	$ (18)	$ (68)	$ (26)
Items excluded from base earnings	(9)	—	(2)	(17)	15
Net earnings (loss) - common shareholders	$ (49)	$ (12)	$ (20)	$ (85)	$ (11)

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 2023, Lifeco Corporate had a net loss of $49 million comparable to a net loss of $20 million for the same period last year. Base loss of $40 million increased by $22 million compared to the same quarter last year, primarily due to higher operating expenses driven by higher variable compensation expenses.

Items excluded from base earnings for the fourth quarter of 2023 were negative $9 million compared to negative $2 million for the same quarter last year, primarily due to less favourable market experience relative to expectations.

For the twelve months ended December 31, 2023, Lifeco Corporate's net loss was $85 million compared to a net loss of $11 million for the same period last year. The base loss of $68 million increased by $42 million compared to the same period last year, primarily due to higher operating expenses driven by higher variable compensation expenses and audit fees.

For the twelve months ended December 31, 2023, items excluded from the base loss were negative $17 million compared to positive $15 million for the same period last year, primarily due to unfavourable market experience relative to expectations.

Consolidated Financial Position

Assets

Assets under administration[1]

	Canada	United States	Europe	Capital and Risk Solutions	Total
As at December 31, 2023					
Assets					
Invested assets	$ 89,382	$ 86,715	$ 41,981	$ 8,732	$ 226,810
Goodwill and intangible assets	6,545	6,151	3,037	—	15,733
Insurance contract assets	400	291	331	171	1,193
Reinsurance contract held assets	1,243	12,243	3,713	133	17,332
Other assets	4,964	16,192	3,531	52	24,739
Assets held for sale[3]	—	4,467	—	—	4,467
Investments on account of segregated fund policyholders	101,250	179,770	141,936	—	422,956
Total assets	203,784	305,829	194,529	9,088	713,230
Continuing operations - other assets under management[2]	13,056	143,997	63,525	—	220,578
Discontinued operations - other assets under management[2,4]	—	161,566	—	—	161,566
Total assets under management[1]	216,840	611,392	258,054	9,088	1,095,374
Other assets under administration[2]	55,635	1,689,455	12,076	—	1,757,166
Total assets under administration[1]	$ 272,475	$ 2,300,847	$ 270,130	$ 9,088	$ 2,852,540
As at December 31, 2022 (Restated)					
Assets					
Invested assets	$ 85,343	$ 90,655	$ 38,652	$ 8,573	$ 223,223
Goodwill and intangible assets	5,789	7,973	3,079	—	16,841
Insurance contract assets	408	245	322	165	1,140
Reinsurance contract held assets	1,211	12,624	3,639	97	17,571
Other assets	3,682	18,430	3,297	140	25,549
Investments on account of segregated fund policyholders	93,816	166,274	127,792	—	387,882
Total assets	190,249	296,201	176,781	8,975	672,206
Other assets under management[2]	4,057	277,138	50,539	—	331,734
Total assets under management[1]	194,306	573,339	227,320	8,975	1,003,940
Other assets under administration[2]	26,344	1,426,834	11,345	—	1,464,523
Total assets under administration[1]	$ 220,650	$ 2,000,173	$ 238,665	$ 8,975	$ 2,468,463

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

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

3 On May 31, 2023, Lifeco announced an agreement to sell Putnam Investments to Franklin Templeton. Beginning Q2 2023, the related assets have been classified as assets held for sale. The transaction closed on January 1, 2024, subsequent to the fourth quarter of 2023.

4 Beginning Q4 2023, other assets under management related to Putnam Investments have been classified as discontinued operations - other assets under management.

Total assets under administration (AUA) at December 31, 2023 increased by $0.4 trillion to $2.9 trillion compared to December 31, 2022, primarily due to the impacts of equity market movement, new business growth, and the acquisition of Value Partners and Investment Planning Counsel Inc. (IPC) in the Canada segment during 2023. These items were partially offset by the impact of currency movement in the U.S. segment.

For additional details on assets acquired through business acquisitions, refer to "Business Acquisitions and Other Transactions", note 4 in the Company's December 31, 2023 annual consolidated financial statements.

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, 2023						
Bonds						
Government & related	$ 17,951	$ 6,188	$ 15,282	$ 3,307	$ 42,728	19 %
Corporate & other	34,793	60,430	14,809	4,291	114,323	50
Sub-total bonds	52,744	66,618	30,091	7,598	157,051	69
Mortgages	16,744	14,321	6,707	642	38,414	17
Stocks	13,140	1,889	704	—	15,733	7
Investment properties	5,543	21	2,306	—	7,870	4
Sub-total portfolio investments	88,171	82,849	39,808	8,240	219,068	97
Cash and cash equivalents	1,211	3,866	2,173	492	7,742	3
Total invested assets	$ 89,382	$ 86,715	$ 41,981	$ 8,732	$ 226,810	100 %
As at December 31, 2022 (Restated)						
Bonds						
Government & related	$ 19,824	$ 4,795	$ 14,207	$ 4,011	$ 42,837	19 %
Corporate & other	29,918	66,111	13,507	3,718	113,254	51
Sub-total bonds	49,742	70,906	27,714	7,729	156,091	70
Mortgages	15,998	14,760	6,082	357	37,197	17
Stocks	12,400	1,395	506	—	14,301	6
Investment properties	5,759	33	2,552	—	8,344	4
Sub-total portfolio investments	83,899	87,094	36,854	8,086	215,933	97
Cash and cash equivalents	1,444	3,561	1,798	487	7,290	3
Total invested assets	$ 85,343	$ 90,655	$ 38,652	$ 8,573	$ 223,223	100 %

At December 31, 2023, total invested assets were $226.8 billion, an increase of $3.6 billion from December 31, 2022. The increase in invested assets was primarily due to an increase in the fair value of bonds resulting from a decrease in bond yields across all geographies as well as an increase in private equity investments due to purchases and market value increases. The distribution of assets has not changed significantly and remains heavily weighted to bonds and mortgages.

Bond portfolio

It is the Company's policy to acquire primarily investment grade bonds subject to prudent and well-defined investment policies. Modest investments in below investment grade rated securities may occur while not changing the overall discipline and conservative approach to the investment strategy. The total bond portfolio, including short-term investments, was $157.1 billion or 69% of invested assets at December 31, 2023 compared to $156.1 billion or 70% at December 31, 2022. The increase in the bond portfolio was primarily due to an increase in fair values resulting from a decrease in bond yields across all geographies. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 70% rated A or higher.

Bond credit ratings reflect bond rating agency activity up to December 31, 2023. Management continues to closely monitor bond rating agency activity and general market conditions.

Bond portfolio quality

	As at December 31, 2023		As at December 31, 2022 (Restated)	
AAA	$ 24,298	15 %	$ 25,397	16 %
AA	31,435	20	31,614	20
A	54,807	35	53,864	35
BBB	44,811	29	43,482	28
BB or lower	1,700	1	1,734	1
Total	$ 157,051	100 %	$ 156,091	100 %

At December 31, 2023, non-investment grade bonds were $1.7 billion or 1.1% of the bond portfolio which was comparable to values at December 31, 2022.

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

	As at December 31, 2023		As at December 31, 2022 (Restated)	
Bonds issued or guaranteed by:				
Treasuries	$ 14,853	10 %	$ 14,570	10 %
Government related	26,626	17	26,803	17
Agency securitized	1,249	1	1,464	1
Non-agency securitized	17,178	11	18,218	12
Financials	23,178	15	23,449	15
Communications	3,669	2	3,640	2
Consumer products	17,296	11	17,657	11
Energy	6,520	4	6,526	4
Industrials	11,781	8	12,051	8
Technology	5,127	3	4,881	3
Transportation	6,806	4	6,063	4
Utilities	22,768	14	20,769	13
Total	$ 157,051	100 %	$ 156,091	100 %

At December 31, 2023, total bonds were $157.1 billion compared to $156.1 billion at December 31, 2022. The increase was primarily due to an increase in the utilities industry sector driven by new purchases and an increase in fair values resulting from a decrease in bond yields across all geographies.

Mortgage portfolio

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

	As at December 31, 2023				As at December 31, 2022 (Restated)	
Mortgage loans by type	Insured[1]	Non-insured	Total		Total	
Single family residential	$ 328	$ 1,183	$ 1,511	4 %	$ 1,738	5 %
Multi-family residential	2,586	6,786	9,372	24	9,628	26
Equity release	—	4,203	4,203	11	3,371	9
Commercial	—	23,328	23,328	61	22,460	60
Total	$ 2,914	$ 35,500	$ 38,414	100 %	$ 37,197	100 %

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

The total mortgage portfolio was $38.4 billion or 17% of invested assets at December 31, 2023, compared to $37.2 billion or 17% of invested assets at December 31, 2022. The increase in mortgages was primarily due to originations of commercial and equity release mortgages. At December 31, 2023, total insured loans were $2.9 billion or 8% of the mortgage portfolio, compared to $3.0 billion or 8% at December 31, 2022.

Commercial mortgages

	Canada				Capital and Risk Solutions	
	Par	Non-Par	U.S.	Europe		Total
As at December 31, 2023						
Retail & shopping centres	$ 2,715	$ 774	$ 964	$ 1,097	$ 27	$ 5,577
Industrial	2,970	1,047	5,794	835	69	10,715
Office buildings	1,027	366	2,467	1,161	29	5,050
Other	32	24	1,151	757	22	1,986
Total	$ 6,744	$ 2,211	$ 10,376	$ 3,850	$ 147	$ 23,328
As at December 31, 2022 (Restated)						
Retail & shopping centres	$ 2,578	$ 857	$ 1,087	$ 945	$ 2	$ 5,469
Industrial	2,823	549	5,430	696	31	9,529
Office buildings	1,167	410	2,632	1,143	17	5,369
Other	33	29	1,335	696	—	2,093
Total	$ 6,601	$ 1,845	$ 10,484	$ 3,480	$ 50	$ 22,460

Throughout 2023, commercial real estate markets in Europe and North America showed signs of slowdown. In particular, the office markets are experiencing dampened demand from a continued lag faced by employers on return-to-office plans, leading to higher vacancy rates and deteriorating operating performance, driven as well by challenging economic and capital market conditions. This has resulted in certain valuation reductions for the underlying office properties in 2023 reflecting the current outlook. The Company is monitoring and will work proactively with borrowers to manage exposures. It is the Company's practice to acquire high-quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans.

Expected credit losses

Expected credit loss (ECL) allowances are recognized on all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI. The Company measures ECL allowances at either 12-month for stage 1 performing financial assets or lifetime ECL for stage 2 performing financial assets and stage 3 impaired financial assets. Refer to the "Summary of Critical Accounting Estimates" section of this document and in note 2 of the Company's December 31, 2023 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.

	As at December 31, 2023				January 1, 2023			
	Performing		Impaired	Total	Performing		Impaired	Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Bonds at FVOCI	$ 11,745	$ 5	$ —	$ 11,750	$ 12,698	$ 3	$ —	$ 12,701
Allowance for credit loss	(3)	—	—	(3)	(3)	—	—	(3)
Mortgages at FVOCI	560	18	—	578	621	—	—	621
Allowance for credit loss	—	—	—	—	—	—	—	—
Mortgages at amortized cost[1]	4,087	328	7	4,422	3,818	341	—	4,159
Allowance for credit loss	(1)	(29)	(4)	(34)	(1)	(32)	—	(33)
Total assets subject to ECL[1]	$ 16,392	$ 351	$ 7	$ 16,750	$ 17,137	$ 344	$ —	$ 17,481
Total allowance for credit loss	$ (4)	$ (29)	$ (4)	$ (37)	$ (4)	$ (32)	$ —	$ (36)

[1] Includes the allowance for credit losses for mortgages at amortized cost.

At December 31, 2023, the total allowance for credit losses recognized was $37 million compared to $36 million at January 1, 2023. The increase in total allowance for credit losses was primarily due to an impaired U.K. mortgage.

Equity portfolio

The total equity portfolio was $23.6 billion or 10% of invested assets at December 31, 2023 compared to $22.6 billion or 10% of invested assets at December 31, 2022. The equity portfolio consists of publicly traded stocks, privately held stocks and investment properties. The increase in publicly traded stocks of $0.2 billion and the increase in privately held stocks of $1.2 billion were primarily due to purchases and market value increases. The decrease in investment properties of $0.5 billion was mainly the result of market value declines.

	As at December 31, 2023		As at Dec. 31, 2022 (Restated)	
Equity portfolio by type				
Publicly traded stocks	$ 11,599	49 %	$ 11,380	50 %
Privately held stocks	4,134	18	2,921	13
Sub-total	15,733	67	14,301	63
Investment properties	7,870	33	8,344	37
Total	$ 23,603	100 %	$ 22,645	100 %

Investment properties[1]

	Canada				
	Par	**Non-Par**	**U.S.**	**Europe**	**Total**
As at December 31, 2023					
Industrial	$ 1,906	$ 271	$ —	$ 847	$ 3,024
Office buildings	973	159	21	508	1,661
Retail	181	24	—	625	830
Other	1,555	474	—	326	2,355
Total	$ 4,615	$ 928	$ 21	$ 2,306	$ 7,870
As at December 31, 2022 (Restated)					
Industrial	$ 2,033	$ 271	$ —	$ 900	$ 3,204
Office buildings	1,084	176	25	564	1,849
Retail	194	24	—	765	983
Other	1,549	428	8	323	2,308
Total	$ 4,860	$ 899	$ 33	$ 2,552	$ 8,344

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

Throughout 2023, commercial real estate markets in Europe and North America showed signs of slowdown. In particular, the office markets are experiencing dampened demand from a continued lag faced by employers on return-to-office plans, leading to higher vacancy rates and deteriorating operating performance, driven as well by challenging economic and capital market conditions. This has resulted in certain valuation reductions in 2023 reflecting the current outlook for office properties. As market conditions evolve, the Company may be required to apply further valuation reductions.

Derivative Financial Instruments

During the fourth quarter of 2023, 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, 2023, total financial collateral, including initial margin and overcollateralization, received on derivative assets was $1.7 billion ($1.3 billion at December 31, 2022) and pledged on derivative liabilities was $773 million ($754 million at December 31, 2022). Collateral received on derivatives assets increased, primarily driven by the impact of the Canadian dollar strengthening against the U.S. dollar on cross-currency swaps that pay U.S. and receive Canadian dollars and initial margin requirements. Collateral pledged on derivatives liabilities increased in 2023, primarily driven by initial margin requirements.

During the twelve-month period ended December 31, 2023, the outstanding notional amount of derivative contracts increased by $5.3 billion to $51.9 billion, primarily due to increases in regular hedging activities.

The Company’s exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, decreased to $2.2 billion at December 31, 2023 from $2.3 billion at December 31, 2022. The decrease was primarily driven by the impact of the British pound and euro strengthening against the U.S. dollar on cross-currency swaps that pay British pounds and euros and receive U.S. dollars. There were no changes to derivative counterparty ratings during the fourth quarter of 2023 and all had investment grade ratings as of December 31, 2023.

Goodwill and Intangible Assets

	As at December 31	
	2023	2022 (Restated)
Goodwill	$ 11,249	$ 10,611
Indefinite life intangible assets	1,269	2,882
Finite life intangible assets	3,215	3,348
Total	$ 15,733	$ 16,841

The Company's goodwill and intangible assets relate primarily to business acquisitions made by the Company. Goodwill and intangible assets of $15.7 billion at December 31, 2023 decreased by $1.1 billion compared to December 31, 2022. Goodwill increased by $0.6 billion, primarily due to acquisitions of IPC and Value Partners. Indefinite life intangible assets decreased by $1.6 billion and finite life intangible assets decreased by $0.1 billion, primarily due to reclassification of Putnam Investments assets to held for sale.

IFRS principles require the Company to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to perform an impairment test on goodwill and indefinite life intangible assets at least annually or more frequently if events indicate that impairment may have occurred. Intangible assets that were previously impaired are reviewed at each reporting date for evidence of reversal. Finite life intangible assets are reviewed annually to determine if there are indications of impairment and assess whether the amortization periods and methods are appropriate. In the fourth quarter of 2023, the Company conducted its annual impairment testing of goodwill and intangible assets based on September 30, 2023 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, 2023 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	
	2023	2022 (Restated)
Other assets	$ 14,483	$ 15,949
Accounts and interest receivable	4,863	4,355
Deferred tax assets	1,848	1,470
Derivative financial instruments	2,219	2,314
Owner occupied properties	731	724
Fixed assets	335	399
Current income taxes	260	338
Total	$ 24,739	$ 25,549

Total other general fund assets at December 31, 2023 were $24.7 billion, a decrease of $0.8 billion from December 31, 2022. The decrease was primarily due to a decrease of $1.5 billion in other assets driven by funds held under investments contracts in Empower, partially offset by an increase of $0.5 billion in accounts and interest receivable and an increase of $0.4 billion in deferred tax assets.

Other assets comprise several items including prepaid expenses and accounts receivable. Refer to note 11 in the Company's December 31, 2023 annual consolidated financial statements for a breakdown of other assets.

Investments on Account of Segregated Policyholders

	As at December 31	
	2023	2022 (Restated)
Stock and units in unit trusts	$ 130,415	$ 117,863
Mutual funds	188,549	168,459
Bonds	72,111	69,371
Investment properties	12,071	13,035
Cash and other	11,718	10,607
Mortgage loans	2,022	2,159
Sub-total	$ 416,886	$ 381,494
Non-controlling mutual funds interest	6,070	6,388
Total	$ 422,956	$ 387,882

Investments on account of segregated fund policyholders, which are measured at fair value, increased by $35.1 billion to $423.0 billion at December 31, 2023 compared to December 31, 2022. The increase was primarily due to the combined impact of market value gains and investment income of $47.4 billion related to net unrealized capital gains on investments, partially offset by net withdrawals of $8.5 billion and a $2.7 billion portfolio transfer of segregated funds related to AIB Life.

Liabilities

Total Liabilities

	As at December 31	
	2023	2022 (Restated)
Insurance contract liabilities	$ 144,388	$ 135,438
Reinsurance contract held liabilities	648	537
Investment contract liabilities	88,919	94,810
Other general fund liabilities	24,061	24,744
Liabilities held for sale[1]	2,407	—
Insurance contracts on account of segregated fund policyholders	60,302	57,841
Investment contracts on account of segregated fund policyholders	362,654	330,041
Total	$ 683,379	$ 643,411

[1] On May 31, 2023, Lifeco announced an agreement to sell Putnam Investments to Franklin Templeton. Beginning Q2 2023, the related liabilities have been classified as liabilities held for sale. The transaction closed on January 1, 2024, subsequent to the fourth quarter of 2023.

Total liabilities increased by $40.0 billion to $683.4 billion at December 31, 2023 from December 31, 2022.

Insurance contract liabilities increased by $9.0 billion. The increase was primarily due to market movements, partially offset by normal business movements.

Investment contract liabilities decreased by $5.9 billion. The decrease was primarily due to normal business movements, partially offset by investment experience.

Other general fund liabilities decreased by $0.7 billion. The decrease was primarily due to the repayment of €500 million senior bonds in the second quarter of 2023 and US$500 million of payments made against a short-term credit facility used to finance the Prudential acquisition. These items are partially offset by a increase of $0.7 billion of derivative collateral. $2.4 billion of Putnam Investments other liabilities were reclassified to liabilities held for sale.

Investment and insurance contracts on account of segregated fund policyholders increased by $35.1 billion, primarily due to the combined impact of market value gains and investment income of $47.4 billion, partially offset by net withdrawals of $8.5 billion, a $2.7 billion portfolio transfer of segregated funds related to AIB Life, and the negative impact of currency movement of $1.0 billion.

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

Assets supporting insurance and investment contract liabilities

	Participating Account	Non-Participating: Canada	Non-Participating: United States	Non-Participating: Europe	Non-Participating: Capital and Risk Solutions	Total
December 31, 2023						
Bonds	$ 27,651	$ 21,408	$ 53,381	$ 25,738	$ 4,938	$ 133,116
Mortgage loans	13,008	4,244	11,760	6,707	488	36,207
Stocks	10,081	2,782	1,301	467	—	14,631
Investment properties	4,665	644	—	2,113	—	7,422
Other assets[1]	921	5,809	30,571	4,582	48	41,931
Total	$ 56,326	$ 34,887	$ 97,013	$ 39,607	$ 5,474	$ 233,307
Total insurance and investment contract liabilities	$ 56,326	$ 34,887	$ 97,013	$ 39,607	$ 5,474	$ 233,307
December 31, 2022 (Restated)						
Bonds	$ 24,979	$ 20,610	$ 60,783	$ 23,512	$ 5,343	$ 135,227
Mortgage loans	12,608	3,851	12,456	6,082	216	35,213
Stocks	9,377	2,707	873	388	—	13,345
Investment properties	4,884	685	—	2,345	—	7,914
Other assets[1]	222	4,713	29,535	3,540	539	38,549
Total	$ 52,070	$ 32,566	$ 103,647	$ 35,867	$ 6,098	$ 230,248
Total insurance and investment contract liabilities	$ 52,070	$ 32,566	$ 103,647	$ 35,867	$ 6,098	$ 230,248

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

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

Insurance Contract Liabilities

When significant insurance risk exists, the Company's products are classified at contract inception as insurance contract liabilities in accordance with IFRS 17, *Insurance Contracts* (IFRS 17). Significant insurance risk exists when the Company agrees to compensate policyholders or beneficiaries of the contract for specified uncertain future events that adversely affect the policyholder and whose amount and timing is unknown. Refer to note 2 of the Company's annual consolidated financial statements for the period ended December 31, 2023 and the "Risk Management" section of this document for a discussion of insurance risk.

Contracts with coverage periods of one year or less and those that are relatively stable and have low variability in fulfillment cash flows are measured under the more simplified premium allocation approach (PAA). Low variability in fulfillment cash flows indicates that no significant difference in measurement exists when compared to the general measurement model (GMM). All other contracts are measured under the GMM or for those with direct participating features, the variable fee approach (VFA). Refer to note 2 of the Company's annual consolidated financial statements for the period ended December 31, 2023 for a discussion of IFRS 17 measurement models.

For contracts not measured under the PAA, the Company measures a group of insurance contracts as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and the contractual service margin. Refer to note 2 of the Company's annual consolidated financial statements for the period ended December 31, 2023 for a discussion of initial and subsequent measurement of insurance contract liabilities.

Insurance contract liabilities and assets[1]

	Insurance contracts not under PAA method					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Contracts under PAA method	Total net insurance contract liabilities
As at December 31, 2023						
Canada	$ 95,943	$ 1,935	$ 5,872	$ 103,750	$ 9,267	$ 113,017
United States	18,187	136	276	18,599	1	18,600
Europe	40,615	1,064	4,718	46,397	3,614	50,011
Capital and Risk Solutions	1,029	2,162	1,769	4,960	225	5,185
Total	$ 155,774	$ 5,297	$ 12,635	$ 173,706	$ 13,107	$ 186,813
As at December 31, 2022						
Canada	$ 89,107	$ 1,824	$ 6,518	$ 97,449	$ 8,689	$ 106,138
United States	17,626	151	622	18,399	—	18,399
Europe	36,078	1,076	4,162	41,316	3,493	44,809
Capital and Risk Solutions	1,706	2,009	1,821	5,536	223	5,759
Total	$ 144,517	$ 5,060	$ 13,123	$ 162,700	$ 12,405	$ 175,105

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

At December 31, 2023, total net insurance contract liabilities were $186.8 billion, an increase of $11.7 billion from December 31, 2022. The increase in net insurance contract liabilities was primarily due to market movements, partially offset by normal business movements.

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

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

Contractual service margin (CSM) continuity[1]

	Non-Participating (excluding Segregated Funds)							
	Canada	United States	Europe	Capital and Risk Solutions	Total	Seg Funds	Par	Total
CSM beginning of period, December 31, 2022	$ 1,264	$ 41	$ 2,771	$ 1,796	$ 5,872	$ 3,557	$ 3,694	$ 13,123
Impact of new insurance business	41	—	284	49	374	181	111	666
Expected movements from asset returns & locked-in rates	37	—	49	37	123	282	201	606
CSM recognized for services provided	(143)	(4)	(234)	(154)	(535)	(430)	(157)	(1,122)
Insurance experience gains/ losses	(61)	(12)	18	(41)	(96)	(140)	—	(236)
Organic CSM movement	$ (126)	$ (16)	$ 117	$ (109)	$ (134)	$ (107)	$ 155	$ (86)
Impact of markets	—	—	—	—	—	240	(410)	(170)
Impact of changes in assumptions and management actions	21	—	307	41	369	(403)	(281)	(315)
Currency impact	—	(1)	60	17	76	11	(4)	83
Total CSM movement	$ (105)	$ (17)	$ 484	$ (51)	$ 311	$ (259)	$ (540)	$ (488)
CSM end of period, December 31, 2023	$ 1,159	$ 24	$ 3,255	$ 1,745	$ 6,183	$ 3,298	$ 3,154	$ 12,635

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

At December 31, 2023, total contractual service margin on non-participating business excluding segregated funds was $6.2 billion, an increase of $311 million from December 31, 2022. The increase was mainly driven by assumption changes and management actions of $369 million, which includes a $239 million increase from prior quarters and a $126 million increase resulting from reinsurance transactions on in-force business executed in the fourth quarter. Other impacts include currency impacts of $76 million and negative organic contractual service margin growth of $134 million. Included in assumption changes and management actions is a $73 million reclassification of contractual service margin between segregated funds and non-participating products excluding segregated funds.

At December 31, 2023, total contractual service margin was $12.6 billion, a decrease of $488 million from December 31, 2022. The decrease was mainly driven by the impacts of assumption changes and management actions, net market impacts and negative organic contractual service margin growth. Included within the assumption changes and management actions are current quarter impacts of the reinsurance of a block of U.S. segregated fund business to a third party which reduced the contractual service margin by $289 million and annual updates and model refinements on participating business which reduced the contractual service margin by $281 million, offset by assumption changes and management actions on non-participating business excluding segregated funds of $369 million as discussed above.

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

Other General Fund Liabilities

	As at December 31	
	2023	2022 (Restated)
Debentures and other debt instruments	$ 9,046	$ 10,509
Other liabilities	9,587	8,913
Accounts payable	3,216	2,758
Deferred tax liabilities	787	773
Derivative financial instruments	1,288	1,639
Current income taxes	137	152
Total	$ 24,061	$ 24,744

Total other general fund liabilities at December 31, 2023 were $24.1 billion, a decrease of $0.7 billion from December 31, 2022. The decrease was primarily due to a decrease of $1.5 billion in debentures and other debt instruments and a decrease of $0.4 billion in derivative financial instruments, partially offset by an increase of $0.7 billion in other liabilities and an increase of $0.5 billion in accounts payable.

Other liabilities of $9.6 billion include pension and other post-employment benefits, lease liabilities, deferred income reserve, bank overdraft and other liability balances. Refer to note 20 in the Company's December 31, 2023 annual consolidated financial statements for a breakdown of the other liabilities balance and note 18 in the Company's December 31, 2023 annual consolidated financial statements for details of the debentures and other debt instruments.

Segregated Fund and Variable Annuity Guarantees

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

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

In the U.S., the Company has a mix of open and closed blocks of group variable annuities with guaranteed minimum withdrawal benefits (GMWB) and a closed block of group standalone GMDB products which mainly provide return of premium on death. During the fourth quarter of 2023, the Company ceded a block of GMWB business in the U.S. to a third party.

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

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

Capital and Risk Solutions has a closed portfolio of GMAB and 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 GMWB 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, 2023, the amount of GMWB product in-force in Canada, the U.S., Ireland and Germany was $7,343 million ($7,033 million at December 31, 2022).

Segregated fund and variable annuity guarantee exposure

	December 31, 2023				
		Investment deficiency by benefit type			
	Market Value	Income	Maturity	Death	Total[1]
Canada	$ 33,255	$ 1	$ 7	$ 55	$ 55
United States	21,327	57	—	5	62
Europe	11,761	15	—	1,264	1,264
Capital and Risk Solutions[2]	669	130	—	—	130
Total	$ 67,012	$ 203	$ 7	$ 1,324	$ 1,511

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, 2023.

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

Investment deficiency at December 31, 2023 decreased by $1,182 million to $1,511 million compared to December 31, 2022, primarily as a result of the Company ceding a block of GMWB business in the U.S. segment to a third party and an increase in market values. The investment deficiency measures the point-in-time exposure to a trigger event (i.e., income election, maturity or death) assuming it occurred on December 31, 2023 and does not include the impact of the Company's hedging program for GMWB products. 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 $4 million in-quarter ($4 million for the fourth quarter of 2022), 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, 2023, debentures and other debt instruments decreased by $1,463 million to $9,046 million compared to December 31, 2022.

On April 18, 2023, the Company repaid the principal amount of its maturing 2.50% €500 million senior bonds, together with accrued interest that it had pre-funded with the issuance of €500 million senior 4.7% euro bonds on November 16, 2022.

Great-West Lifeco U.S. LLC, a subsidiary of the Company, made payments on its non-revolving credit facility of U.S. $150 million on March 31, 2023, U.S. $150 million on June 30, 2023, U.S. $100 million on September 29, 2023 and U.S. $100 million on December 29, 2023. The remaining drawn balance was nil as at December 31, 2023.

Refer to note 18 in the Company's December 31, 2023 annual consolidated financial statements for further details of the Company's debentures and other debt instruments.

Capital Trust Securities

At December 31, 2023, 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, 2023 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, 2022).

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, 2023 was $10.22 billion, which comprises $6 billion of common shares and $2.72 billion of preferred shares and $1.5 billion Limited Recourse Capital Notes (LRCN Series 1). Preferred shares included $2,470 million of non-cumulative First Preferred Shares and $250 million of non-cumulative 5-year rate reset First Preferred Shares.

Common shares

At December 31, 2023, the Company had 932,427,987 common shares outstanding with a stated value of $6 billion compared to 931,853,110 common shares with a stated value of $5.791 billion at December 31, 2022.

The Company renewed its normal course issuer bid (NCIB) effective January 29, 2024 for one year to purchase and cancel up to 20,000,000 of its common shares at market prices in order to mitigate the dilutive effect of stock options granted under the Company's Stock Option Plan and for other capital management purposes. Effective March 1, 2023, the Company entered into an automatic share purchase plan (ASPP). The ASPP is intended to facilitate repurchases of common shares under the NCIB, including at times when the Company would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. All purchases of common shares made under the ASPP are included in determining the number of common shares purchased under the NCIB. Any common shares purchased by the Corporation pursuant to the NCIB will be cancelled.

During the twelve months ended December 31, 2023, the Company repurchased and subsequently cancelled 6,000,000 common shares under the current NCIB at an average cost per share of $38.77.

Preferred shares

At December 31, 2023, the Company had 11 series of fixed rate First Preferred Shares and 1 series of 5-year rate reset First Preferred Shares outstanding with aggregate stated values of $2,470 million and $250 million, respectively.

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

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

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

Non-Controlling Interests

The Company's non-controlling interests include participating account surplus in subsidiaries and non-controlling interests in subsidiaries. Refer to note 21 in the Company's December 31, 2023 annual consolidated financial statements for further details.

	As at December 31	
	2023	2022 (Restated)
Participating account surplus in subsidiaries:		
Canada Life	$ 2,844	$ 2,733
Empower	3	1
	$ 2,847	$ 2,734
Non-controlling interests in subsidiaries	$ 168	$ 152

At December 31, 2023, the carrying value of non-controlling interests increased by $129 million to $3,015 million compared to December 31, 2022. For the twelve months ended December 31, 2023, net earnings attributable to participating account before policyholder dividends were $1,841 million and policyholder dividends were $1,818 million.

Liquidity and Capital Management

Liquidity

Total Liquid Assets

	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
As at December 31, 2023			
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents[1]	$ 7,742	$ 12	$ 7,730
Short-term bonds[2]	5,876	—	5,876
Sub-total	$ 13,618	$ 12	$ 13,606
Other assets and marketable securities			
Government bonds[2]	$ 38,369	$ 10,639	$ 27,730
Corporate bonds[2]	112,806	53,800	59,006
Stocks[1]	15,733	4,134	11,599
Mortgage loans[1]	38,414	35,500	2,914
Sub-total	$ 205,322	$ 104,073	$ 101,249
Total	$ 218,940	$ 104,085	$ 114,855
As at December 31, 2022 (Restated)			
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents[1]	$ 7,290	$ 83	$ 7,207
Short-term bonds[2]	4,241	30	4,211
Sub-total	$ 11,531	$ 113	$ 11,418
Other assets and marketable securities			
Government bonds[2]	$ 40,152	$ 10,607	$ 29,545
Corporate bonds[2]	111,698	52,969	58,729
Stocks[1]	14,301	2,921	11,380
Mortgage loans[1]	37,197	34,210	2,987
Sub-total	$ 203,348	$ 100,707	$ 102,641
Total	$ 214,879	$ 100,820	$ 114,059

1 Refer to the consolidated balance sheet in the Company's December 31, 2023 annual consolidated financial statements for on-balance sheet amounts.

2 Total short-term bonds, government bonds and corporate bonds as at December 31, 2023 was $157.1 billion ($156.1 billion at December 31, 2022). Refer to the consolidated balance sheet in the Company's December 31, 2023 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 investments adequate to meet anticipated liquidity needs. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At December 31, 2023, the Company and its operating subsidiaries held liquid cash, cash equivalents and short-term bonds of $13.6 billion ($11.4 billion at December 31, 2022) and other liquid assets and marketable securities of $101.2 billion ($102.6 billion at December 31, 2022). Included in the cash, cash equivalents and short-term bonds at December 31, 2023 was $0.5 billion ($1.0 billion at December 31, 2022) held at the Lifeco holding company level which includes cash at Great-West Lifeco U.S. LLC, the Company's U.S. holding company. In addition, the Company maintains committed lines of credit with Canadian chartered banks for potential unanticipated liquidity needs, if required. Refer to note 7(b) in the Company's December 31, 2023 annual consolidated financial statements for additional detail.

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

As a holding company, the Company's ability to pay dividends and, in part, its ability to deploy capital is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company. In 2023, the Company's main operating subsidiaries made cash payments to the holding company in the form of dividends in the amount of $3.5 billion ($2.1 billion in 2022).

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

Cash Flows

Cash flows

	For the three months ended December 31		For the twelve months ended December 31	
	2023	2022 (Restated)	**2023**	2022 (Restated)
Cash flows relating to the following activities:				
Operations[1]	$ 2,118	$ (1,372)	$ 5,203	$ 3,772
Financing	(598)	35	(3,550)	(620)
Investment[1]	(655)	(22)	(786)	(2,218)
	865	(1,359)	867	934
Effects of changes in exchange rates on cash and cash equivalents	(74)	13	(40)	281
Increase (decrease) in cash and cash equivalents in the period	791	(1,346)	827	1,215
Cash and cash equivalents, beginning of period	7,326	8,636	7,290	6,075
Cash and cash equivalents from continuing and discontinued operations, end of period	$ 8,117	$ 7,290	$ 8,117	$ 7,290
Cash and cash equivalents from discontinued operations, end of period[2]	375	—	375	—
Cash and cash equivalents from continuing operations, end of period	$ 7,742	$ 7,290	$ 7,742	$ 7,290

[1] The cash flows related to the sales, maturities, repayments and purchases of portfolio investments have been reclassified to the Operations section to align with the Company's practice of managing the matching of general fund assets with insurance and investment contract liabilities. This activity had previously been presented in the Investment Activities section.

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

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

In the fourth quarter of 2023, cash and cash equivalents increased by $791 million from September 30, 2023. Cash flows provided by operations during the fourth quarter of 2023 were $2,118 million, a increase of $3,490 million compared to the fourth quarter of 2022, primarily due to net sales of portfolio investments compared to net investments in the prior year. Cash flows used by financing activities of $598 million were primarily used for payment of dividends to common and preferred shareholders and repayment of a line of credit of a subsidiary. Cash flows from investment activities were $655 million primarily used for business acquisitions.

For the twelve months ended December 31, 2023, cash and cash equivalents increased by $827 million from December 31, 2022. Cash flows provided by operations were $5,203 million, an increase of $1,431 million compared to the same period last year, primarily due to the same reason discussed for the in-quarter results partially offset by less favourable fair value changes compared to the prior year. Cash flows used by financing activities of $3,550 million were primarily used for the same reasons discussed for the in-quarter results as well as the repayment of the principal amount of the Company's maturing 2.5% €500 million senior bonds. Cash flows from investment activities were $786 million primarily used for the same reasons discussed for the in-quarter results.

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, 2023		**Total**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**Over 5 years**
1)	Debentures and other debt instruments	$ 8,759	$ —	$ 665	$ 730	$ 532	$ 999	$ 5,833
2)	Lease obligations	423	61	51	49	47	40	175
3)	Purchase obligations	1,134	305	227	176	121	54	251
4)	Credit-related arrangements							
	(a) Contractual commitments	6,411	6,327	61	15	1	—	7
	(b) Letters of credit	see note 4(b) below						
5)	Pension contributions	225	225	—	—	—	—	—
Total contractual obligations		$ 16,952	$ 6,918	$ 1,004	$ 970	$ 701	$ 1,093	$ 6,266

1) Refer to note 18 in the Company's December 31, 2023 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, refer to note 20 in the Company's December 31, 2023 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$1,920 million of which US$1,111 million were issued as of December 31, 2023.

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$828 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$213 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 2024 are excluded due to the significant variability in the assumptions required to project the timing of future contributions.

Capital Management and Adequacy

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

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

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Life Insurance Capital Adequacy Test (LICAT). The LICAT Ratio is calculated in accordance with the 2023 OSFI Guideline - Life Insurance Capital Adequacy Test.

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

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

Canada Life's consolidated LICAT Ratio at December 31, 2023 was 128%. The LICAT Ratio does not take into account any impact from $0.5 billion of liquidity at the Lifeco holding company level at December 31, 2023 ($0.5 billion at September 30, 2023).

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

LICAT Ratio

	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)
Tier 1 Capital	$ 18,285	$ 18,520	
Tier 2 Capital	5,223	5,292	
Total Available Capital	23,508	23,812	
Surplus Allowance & Eligible Deposits	5,406	4,793	
Total Capital Resources	$ 28,914	$ 28,605	
Required Capital	$ 22,525	$ 22,364	
Total Ratio (OSFI Supervisory Target = 100%)[1]	128 %	128 %	
Proforma IFRS 17 Total Ratio (OSFI Supervisory Target = 100%)[1,2]			130 %

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

2 Proforma estimates of the Canada Life consolidated LICAT ratio are estimated based on the retrospective application of the 2023 LICAT Guideline to 2022 financial results which have been restated to reflect the adoption of IFRS 17 and IFRS 9. Proforma LICAT ratios are intended only to provide an estimate of the direction and magnitude of the impact of adopting the 2023 LICAT Guideline under IFRS 17. Refer to the Cautionary Notes at the beginning of this document for additional information on the use of proforma estimates

The LICAT Ratio at December 31, 2023 remained stable with the prior quarter result at 128%. The acquisition of IPC in Canada reduced the ratio by approximately three points which was offset by market impacts and business activity in the quarter which included reinsurance of an inforce U.K. annuity portfolio, which added approximately two points.

Empower, Lifeco's regulated U.S. operating company, has established an internal target Risk-Based Capital (RBC) ratio of 400-425% of the Company Action Level set by the National Association of Insurance Commissioners, based upon an assessment of the risks within its businesses as well as business needs to support future growth. Accordingly, Empower's target RBC ratio may change as future risks and business needs change. Empower reports its RBC ratio annually to U.S. Insurance Regulators. The RBC ratio is included for information only and is not intended as a means to rank insurers generally or for any other purposes. At December 31, 2023 Empower's RBC ratio is estimated to be in excess of 450%.

LICAT Interest Rate Scenario Shift

There was no new shift in the interest rate scenario applied in the LICAT calculation this quarter. Previous interest rate scenario shifts have now been fully smoothed into the Canada Life LICAT result.

LICAT Sensitivities

Caution Related to Sensitivities

This section includes estimates of Canada Life consolidated LICAT Ratio sensitivities for certain risks. Actual results can differ significantly from these estimates for a variety of reasons including:

- Assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered;
- Changes in actuarial, investment return and future investment activity assumptions;
- Actual experience differing from the assumptions;
- Changes in business mix, effective income tax rates and other market factors;
- Interactions among these factors and assumptions when more than one changes; and
- The general limitations of the Company's internal models.

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

LICAT sensitivities are rounded to the nearest point and have been prepared on an IFRS 17 basis under the LICAT 2023 OSFI Guideline.

Publicly Traded Common Stocks

The following table sets out the estimated immediate impact to Canada Life's consolidated LICAT Ratio of certain changes in publicly traded common stock values as at December 31, 2023. These sensitivity estimates assume instantaneous shocks. The sensitivity estimates relate to publicly traded common stocks and do not cover other non-fixed income assets. These estimates are illustrative as actual equity exposures may vary due to active management of the public stock portfolios.

Immediate change in publicly traded common stock values	December 31, 2023			
	20% increase	10% increase	10% decrease	20% decrease
Potential change to LICAT Ratio	0 point	0 point	0 point	(1 point)

Other Non-Fixed Income

The following table sets out the estimated immediate impact to Canada Life's consolidated LICAT Ratio of certain changes in the value of real estate and private equity investments as at December 31, 2023. These sensitivity estimates assume instantaneous shocks. These estimates are illustrative as actual exposures may vary due to active management of these investment holdings.

Immediate change in other non-fixed income	December 31, 2023	
	10% increase	10% decrease
Potential change to LICAT Ratio	1 point	(1 point)

Interest Rates

Canada Life's consolidated LICAT Ratio will generally reduce in an environment of rising interest rates and benefit from declining rates. Higher interest rates will decrease the value of the Company’s surplus assets and the value of the provision for non-financial risk included in the Surplus Allowance. These reductions will be partially offset by increased earnings that result from higher interest rates due to the Company's ALM strategies that seek to reduce LICAT interest rate sensitivity. While the value of capital resources reduce as interest rates rise, the LICAT Guideline uses static interest rates for the calculation of insurance risk capital requirements, and hence these capital requirements do not change with interest rate movements. This means that while rising interest rates are generally favourable for the Company, they will lead to a decrease in the calculated LICAT ratio.

The sensitivity estimates shown here are illustrative. The impacts shown are based on a parallel shift in the interest rate yield curve across all geographies. Actual movement in credit spreads or government treasury rates may produce different movements in Canada Life's consolidated LICAT Ratio. Sensitivity to interest rates is dependent on many factors and may result in non-linear impacts to the LICAT Ratio. These sensitivities do not include a change in the ultimate interest rate or the impact of a LICAT interest rate risk scenario shift.

Immediate parallel shift in yield curve	December 31, 2023	
	50 bps increase	50 bps decrease
Potential change to LICAT Ratio	0 point	0 point

OSFI Regulatory Capital Initiatives

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

Return on Equity (ROE)[1]

	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)
Base Return on Equity[2] by Segment			
Canada	16.9 %	16.5 %	17.3 %
United States[3]	11.6 %	11.4 %	9.5 %
Europe	16.7 %	17.3 %	17.3 %
Capital and Risk Solutions	49.5 %	44.7 %	42.9 %
Total Lifeco Base Earnings Basis[2]	16.6 %	16.4 %	15.8 %
Return on Equity[1] by Segment - Continuing Operations			
Canada	14.0 %	16.9 %	21.2 %
United States	7.4 %	7.1 %	5.5 %
Europe	8.2 %	3.0 %	24.6 %
Capital and Risk Solutions	52.0 %	37.5 %	38.9 %
Total Lifeco Net Earnings - Continuing Operations Basis[1]	12.4 %	11.2 %	17.2 %

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 ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

3 Comparative results are restated to exclude the net earnings (losses) from discontinued operations related to Putnam Investments.

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

Ratings

Lifeco maintains ratings from five independent ratings companies. Credit ratings[6] are intended to provide investors with an independent measure of the credit quality of a corporation and securities of a corporation and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation.

In the fourth quarter of 2023, the existing credit ratings for Lifeco and its major operating subsidiaries were unchanged. The Company continued to receive strong ratings relative to its North American peer group resulting from its conservative risk profile, stable net earnings and strong capitalization.

Lifeco's operating companies are assigned a group rating from each rating agency. This group rating is predominantly supported by the Company's leading position in the Canadian insurance market and competitive positions in the U.S. and European markets. Each of Lifeco's operating companies benefits from the strong implicit financial support and collective ownership by Lifeco. There were no changes to the Company's group credit ratings in the fourth quarter of 2023.

Rating agency	Measurement	Lifeco	Canada Life	Irish Life	Empower
A.M. Best Company	Financial Strength		A+		A+
Morningstar DBRS	Issuer Rating	A (high)	AA		
	Financial Strength		AA		NR
	Senior Debt	A (high)			
	Subordinated Debt	A (low)	AA (low)		
Fitch Ratings	Insurer Financial Strength		AA	AA	AA
	Senior Debt	A			
	Subordinated Debt	BBB+	A+		
Moody's Investors Service	Insurance Financial Strength		Aa3		Aa3
S&P Global Ratings	Insurer Financial Strength		AA		AA
	Senior Debt	A+			
	Subordinated Debt	A-	AA-		

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

Risk Management and Control Practices

Risk Management Overview

As a diverse financial services company, the effective management of risk is integral to the success of the Company's business. The Company is committed to a comprehensive system of risk management, which is embedded across all business activities, operated through a three lines of defense model and overseen by the Board of Directors. The Company's 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. This approach is built on a strong risk culture and is guided by an integrated Enterprise Risk Management (ERM) Framework.

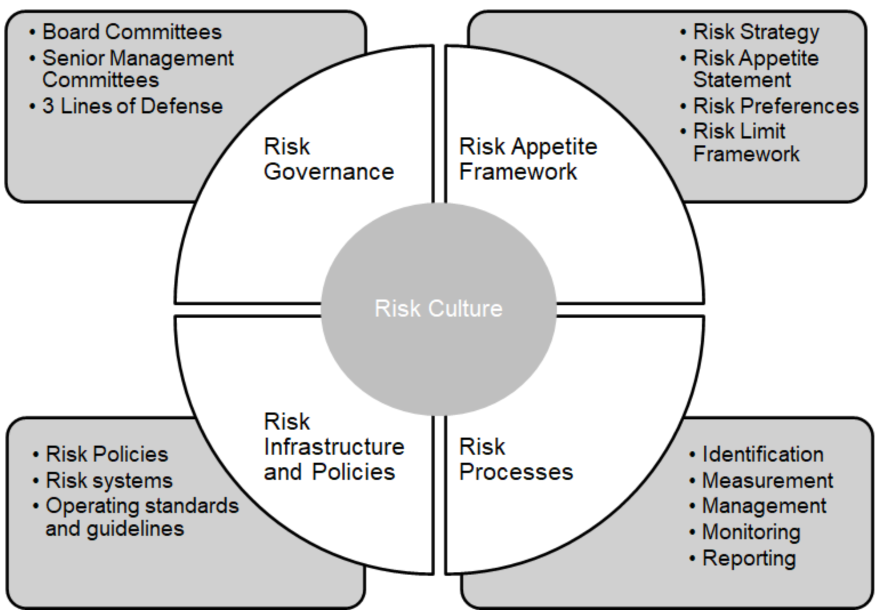
The Company's ERM Framework facilitates the alignment of business strategy with risk appetite, informs and improves the deployment of capital; and supports the identification, mitigation and management of exposure to any potential losses and risks. The Company's Risk Function is responsible for developing and maintaining the Risk Appetite Framework (RAF), the supporting risk policies and risk limit structure, and provides independent risk oversight across the Company's operations.

Although the Company takes steps to anticipate and minimize risks as appropriate, no risk management framework can guarantee that all risks will be identified, appreciated or mitigated effectively. Unforeseen future events may have a negative impact on the Company's business, financial condition and results of operations.

There are three main sections to this Risk Management disclosure: ERM Framework, Risk Management and Control Practices and Exposures and Sensitivities.

Enterprise Risk Management Framework

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



Risk Culture

Risk culture is defined as the system of norms, values, attitudes and behaviours that influences and informs risk decision-making. Our risk culture reflects the Company's collective sense of responsibility to fulfill our commitments and promises to our stakeholders. Our risk culture is guided by our corporate purpose and core values with a customer first approach. We safeguard our financial strength and strong reputation while 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:

- Consistent tone from the Board, senior management and throughout the organization in respect of behavioural and ethical expectations, and alignment of business decisions with business strategies, corporate purpose, core values and risk appetite;
- Recognition that risk is inherent in our business success and reflects opportunity when appropriately managed;
- Individual and shared commitment to the importance of continuous management of risk, including clear accountability for and ownership of specific risks and risk areas;
- Rewarding positive risk taking and management behaviours while challenging and remediating those that are inconsistent with corporate purpose, core values or risk appetite;

- Encouragement of risk event reporting and the presence of robust whistleblowing processes, actively seeking to learn from mistakes and near misses;
- Accountability to all stakeholders; and
- Recognition that risk management is a responsibility of all employees, officers and directors, both individually and collectively; risk management skills and knowledge are developed and core to our ongoing success; effective challenge is expected and respected across all business operations and all three lines of defense. Oversight and assurance functions are valued and appropriately resourced throughout the organization.

Risk Governance

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

Board of Directors

The mandate of the Board, which it discharges directly or through one of its Committees, is to supervise the management of the business and affairs of the Company. The Board is ultimately accountable and responsible for the governance and oversight of risk throughout the Company. The Board annually approves the strategic goals, objectives, plans and initiatives for Lifeco, and in so doing reviews the risks associated with Lifeco’s diverse business, strategic goals and high priority initiatives. Key risk responsibilities include:

- Approving the ERM Policy and RAF;
- Monitoring the implementation and maintenance by management of appropriate systems, policies, procedures and controls to manage the risks associated with the Company’s businesses and operations;
- Annually approving Lifeco’s business, financial and capital plans and monitoring the implementation by management thereof;
- Upon the recommendation of the Risk Committee, adopting a Code of Conduct applicable to Directors, officers and employees of the Company;
- Periodically approving policies designed to support independence of the Risk, Finance, Actuarial and Compliance oversight functions as well as the Internal Audit assurance function; and
- Overseeing the Company’s environmental, social and governance (ESG) strategy, monitoring management’s execution against this strategy and reviewing the related impacts, risks, initiatives and reporting.

Risk Committee

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

- Review and oversight of the ERM Policy and RAF;
- Review, approval and oversight of the credit, market and liquidity, insurance, operational, conduct, strategic and other risk policies;
- Approval of the risk limit framework, associated risk limits and monitoring adherence to those limits;
- Discussion of the risks in aggregate and by type of risk, including actions taken or planned to mitigate those risks where appropriate;
- Review relevant reports including stress testing and Financial Condition Testing;
- Review and approval of the Own Risk and Solvency Assessment (ORSA) Report;
- Periodic approval of the Recovery Plan Playbook;
- Advise the Board of any developments that would materially alter the risk profile;
- Review of the risk impact of business strategies, capital plans, financial plans and new business initiatives;
- Review and monitoring of compliance with the Company's Code of Conduct;
- Periodic consideration and input regarding the relationships between risk and compensation; and
- Review and assessment of the effectiveness of risk management across the Company including processes to ensure effective identification, measurement, management, monitoring and reporting on significant current and emerging risks;
- Approval of the organizational and reporting structures, budget and resources of the Risk and Compliance functions; and
- Review and approval of the mandate for and assessment of the performance of the Company's CRO, CCO and the effectiveness of the Risk and Compliance functions.

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

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 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 Audit Committee is also responsible for reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. The Audit Committee meets as often as necessary to discharge its duties and responsibilities and meets at least annually with the Risk Committee. Members of the Audit Committee are independent of management.

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 and to review and, if deemed appropriate, to approve related party transactions in accordance with such procedures. Members of the Conduct Review Committee are independent of management.

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

Investment Committee

The primary mandate of the Investment Committee is to oversee the Company's global investment strategy and activities, including approving the Company's Investment Policy and monitoring the Company's compliance with the Investment Policy. The global investment strategy includes climate-related transition risks and opportunities such as cleaner energy sectors that could impact our investment growth strategies. The mandate also includes reviewing the Company's 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. The Investment Committee meets as often as necessary to discharge its duties and responsibilities and meets with the Risk Committee as appropriate.

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 primary senior management committee that oversees all forms of risk and the implementation of the ERM Framework. The members are the CEO, the heads of each major business segment, the heads of key oversight functions and heads of support functions as appropriate. The Company's CRO leads the Risk Function and chairs the ERMC. The ERMC responsibilities include reviewing compliance with the RAF, risk policies and risk standards. It also assesses the risk impact of business strategies, capital and financial plans and material initiatives. The Board Risk Committee delegates authority for the approval and management of lower level risk limits to the ERMC. The following three enterprise-wide sub-committees, chaired by the Risk Function, report to the ERMC to provide advice and recommendations on each of the key risk categories:

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

The oversight responsibilities of the above Committees include identification, measurement, management, monitoring and reporting of their respective risks. In addition, each business segment has established its own executive risk management committee providing oversight for all forms of risk and the implementation of the ERM Framework.

Accountabilities

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

- **First Line:** Business units and business support functions, including Investment Management, Human Resources, Information Services and Legal, are the ultimate owners of risk and have primary risk management as well as risk-taking responsibility and accountability through day-to-day operations within ongoing business processes.

- **Second Line:** The Risk Function has the primary and overall responsibility and accountability for independent oversight and effective challenge of risk-taking and risk management of the first line of defense. In this role, the Risk Function receives support from other oversight functions including Actuarial, Compliance and Finance; and
- **Third Line:** Internal Audit is responsible for independent assurance of the adequacy of the design and operational effectiveness of the Company's ERM Framework.

The Company’s CRO reports directly, both to the President and Chief Executive Officer and to the Board Risk Committee. The CRO is responsible for ensuring that the Risk Function is appropriately resourced and effective in executing its responsibilities. The accountabilities of the CRO include reporting on compliance with the ERM Policy and RAF as well as for escalating matters that require attention.

Business segment ERMCs monitor all risk categories for businesses and operations within their respective business segments. Risk resources and capabilities are aligned with the Company's business segments and operating units and further support is provided by centrally based risk areas of expertise.

Risk Appetite Framework

The Company has an articulated Risk Appetite Framework (RAF) that includes the following elements along with the associated governance structure:

- **Risk Strategy:** Risk philosophy of the Company that links to the business strategy.
- **Risk Appetite Statement:** Reflects the aggregate level of risk and types of risk that the Company is willing to accept to achieve its business objectives.
- **Risk Preference:** Qualitative description of risk tolerances.
- **Risk Limit Framework:** Quantitative components of the RAF including excess and escalation process.

Risk Strategy

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

- Establishing a risk awareness culture that is ingrained in all business activities with a risk governance model based on three lines of defense. Business units have full accountability for all risk-taking decisions. The Risk Function has primary responsibility for independent risk oversight and effective challenge within the second line of defense. As the third line of defense, Internal Audit provides independent assurance over the Company's ERM Framework.
- Employing a prudent and measured approach to risk-taking;
- Conducting business to safeguard the Company’s reputation and deliver fair customer outcomes through maintaining high standards of integrity based on the employee Code of Conduct and sound sales and marketing practices; and
- Generating returns to grow shareholder value through profitable and growing operations while maintaining a strong balance sheet.

Risk Appetite Statement

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

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

Risk Preference

The Company has established qualitative risk preferences for each risk type. Each risk is assigned a risk preference level, in the context of understanding and managing these risks. The current level of exposure is regularly measured and risk tolerances are expressed quantitatively through actual constraints to the Company's risk profile within pre-agreed limits. Maximum guidelines are established to monitor risk concentration and inform the risk limit setting process.

Risk Limit Framework

A comprehensive structure of risk limits and controls is in place across the Company. Enterprise risk limits are further broken down by business unit and risk type. The limit structure is accompanied by comprehensive limit approval and excess management processes to ensure effective governance and oversight of the RAF.

The Company and its subsidiaries are subject to various regulatory regimes. The capital requirements under these regulatory capital regimes are reflected in the development of risk limits. Business units are responsible for operating within the risk appetite and the risk limit framework and satisfying local requirements as needed.

Risk Processes

Risk processes follow a cycle of identification, measurement, management, monitoring and reporting and are designed to ensure both current and emerging risks are assessed against the RAF.

Risk Identification, Measurement and Management

Risk identification requires the structured analysis of the current and emerging risks facing the Company, so that they are understood and appropriately managed. Processes are designed to ensure risks are considered, assessed, prioritized and addressed in all business initiatives, operations and changes, including investment strategies, product design, significant transactions, annual planning and budgeting as well as potential business acquisitions and disposals.

Risk measurement provides the means to quantify and assess the Company's risk profile and monitor the profile against the risk limits. Any material new business development or change in strategy warrants an independent assessment of risk and potential impact on reputation, in addition to measurement of the impact on capital, earnings and liquidity. Stress and scenario testing is used to evaluate risk exposures against the risk appetite. Sensitivity testing of key risks is used to evaluate the impact of risk exposures independent of other risks. Scenario testing is used to evaluate the combined impact of multiple risk exposures.

The Company has processes in place to identify risk exposures on an ongoing basis and, where appropriate, develops mitigation strategies to proactively manage these risks. Effective risk management requires the selection and implementation of approaches to accept, reject, transfer, avoid or control risk, including mitigation plans. It is based on a control framework for financial and non-financial risks that includes risk limits, Risk Function Indicators (RFIs) and stress and scenario testing to ensure appropriate escalation and resolution of potential issues in a timely manner.

A key responsibility of the Risk Function is to ensure that the risk appetite is applied consistently across the Company and that limits are established to ensure that risk exposures comply with the risk appetite and Company-wide risk policies. The Risk Function provides ongoing and independent challenge to the first line of defense. In addition, in the event of a significant internal or external change that could introduce new risks or heighten existing risks that could materially impact the business, the Risk Function provides a formal Risk Opinion or thematic review.

Risk Monitoring, Reporting and Escalation

Risk monitoring relates to ongoing oversight and tracking of the Company's risk exposures, ensuring that the risk management approaches in place remain effective. Monitoring may also identify risk-taking opportunities.

Risk reporting presents an accurate and timely picture of existing and emerging risk issues and exposures as well as their potential impact on business activities. Reporting highlights the risk profile relative to the risk appetite and associated risk limits.

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

Risk Infrastructure and Policies

The Company's organization and infrastructure is established to provide resources and risk systems to support adequate and appropriate risk policies, operating standards and guidelines and processes. The Company endeavours to take a consistent approach to risk management across key risk types.

The Company has codified its procedures and operations related to risk management and oversight requirements in a set of guiding documents composed of risk policies, operating standards and associated guidelines. This comprehensive documentation framework provides detailed and effective guidance across all risk management processes. These documents enable a consistent approach to risk management and oversight across the Company's businesses and are reviewed and approved regularly, in accordance with an established authority hierarchy, by the Board of Directors, the Board Risk Committee or a senior management committee, as appropriate. Similar policy structures have been developed and are maintained by each business segment.

Risk Management and Control Practices

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

Market and Liquidity Risk

Risk Description

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

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

Market and Liquidity Risk Management

The Company's Market & Liquidity Risk Policy sets out the market and liquidity risk management framework and principles. This policy is supported by other policies and guidelines that provide detailed guidance.

A governance structure has been implemented for the management of market and liquidity risk. The business units, including Investment Management, are the ultimate owners of market and liquidity risk and as such have primary responsibility for the identification, measurement, management, monitoring and reporting. The Company has established a senior management committee to provide oversight of market and liquidity risk, which includes completing reviews and making recommendations regarding risk limits, the risk policy and associated compliance, excess management and mitigation pertaining to market and liquidity risk. Each business segment has established oversight committees and operating committees to help manage market and liquidity risk within the segment. The Company has developed risk limits, RFIs and other measures to support the management of market and liquidity risk in compliance with the Company's RAF. The Risk Function works with the business units and other oversight functions to identify current and emerging market and liquidity risks and take appropriate action, if required.

The Company is willing to accept market and liquidity risk in certain circumstances as a consequence of its business model and seeks to mitigate the risks wherever practical. A wide range of risk mitigation techniques are used in practice to manage market risks, including (but not limited to) derivatives-based hedging. Hedging programs are grouped by product-level hedging, tactical portfolio hedging and macro-hedging. A general macro equity hedging program has been established. The macro hedge program is contingent and only executed in circumstances and at levels determined by the Company. To reduce liquidity risk, the Company seeks to maintain a high quality, diversified investment portfolio with sufficient liquidity to meet demands of policyholders and financing obligations under normal and stress conditions.

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

Interest Rate Risk

Interest rate risk is the risk of loss resulting from the effect of the volatility and uncertainty of future interest rates on asset cash flows relative to liability cash flows and on assets backing surplus. This also includes changes in the amount and timing of cash flows related to asset and liability optionality, including interest rate guarantees and book value surrender benefits in the liabilities.

The Company's principal exposure to interest rate risk arises from certain general fund and segregated fund products. The Company's Asset Liability Management (ALM) strategy has been designed to mitigate interest rate risks associated with general fund products, with the general approach being to match asset cash flows and insurance and investment contract obligations. Products with similar risk characteristics are grouped when aggregating and managing of the Company's ALM positions. Asset portfolios supporting insurance and investment contract liabilities are segmented to align with the duration and other characteristics (e.g. liquidity) of the associated liabilities.

A feature of some general fund products is to grow the account values of the underlying policies through crediting rates, or in the case of participating policies, through policyholder dividends (described in the Participating Account Management Policy). Crediting rates within non-participating general fund products are set taking into account interest rate risk and a significant proportion of the Company's portfolio of crediting rate products allow for the risk and returns to be shared with policyholders. Similarly, participating policies allow risks and returns to be shared with policyholders. However, a rapid rise in interest rates may adversely impact the Company as a result of potential losses associated with early disposal of fixed income securities to meet contractual surrender benefits.

The Company seeks to mitigate this risk through a combination of product design and investment strategies. Surrender terms are set out in underlying contracts and in the case of group contracts depend on whether an exit is driven by a plan or a plan participant, and the nature of a participant's exit. For example, plan terminations may be subject to delay conditions and discretionary withdrawals may have market value adjustments for exits payable immediately. In addition, the Company maintains a high quality, diversified investment portfolio with a spread of asset maturities by year.

A prolonged low interest rate environment may adversely impact the Company's earnings and capital and could impact the Company's business strategy. During periods of prolonged low interest rates, investment earnings may be lower because the interest earned on new fixed income investments will likely have declined with the market interest rates, and hedging costs may increase. Also, early repayment on investments held such as mortgage-backed securities, asset-backed securities, and callable bonds, may be experienced and proceeds forced to be reinvested at lower yields, which will reduce investment margins. Low interest rate environments impact capital requirements associated with guaranteed products (e.g., Canada Participating products), with non-linear sensitivity to market movements (increases as interest rates decrease). The Company attempts to mitigate this risk with hedging.

The Company has established a range of product-level hedging programs to hedge interest rate risk sensitivity. The most material programs are associated with segregated fund and variable annuity guarantees. These dynamic hedging programs are designed to offset changes in the economic value of liabilities using derivative instruments. The Company's approach to dynamic hedging of interest rate risk principally involves transacting in interest rate swaps. The hedge asset portfolios are dynamically rebalanced within approved thresholds and rebalancing criteria.

Where the Company's insurance and investment products have benefit or expense payments that are dependent on inflation (e.g. inflation-indexed annuities, pensions and disability claims), the Company generally invests in real return instruments to mitigate changes in the real dollar liability cash flows.

Equity Risk

Equity risk is the risk of loss resulting from the sensitivity of the value of assets, liabilities, financial instruments and fee revenue to changes in the level or in the volatility of market prices of common shares and real estate. Real estate losses can arise from fluctuations in the value of or future cash flows from the Company's investment in real estate. Equity risk includes risks associated with the Company's general fund assets and investments on account of segregated fund policyholders.

The Company's principal exposure to equity risk arises from segregated funds and fee income associated with the Company's assets under management. Approved investment and risk policies also provide for general fund investments in equity markets within defined limits.

The Company has established dynamic hedging programs to hedge equity risk sensitivity associated with segregated fund and variable annuity guarantees. The hedging programs are designed to mitigate exposure to changes in the economic value of these liabilities using derivative instruments. The Company's approach to dynamic hedging of equity risk principally involves the short selling of equity index futures. The hedge asset portfolios are dynamically 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 only executed in circumstances and at levels determined by the Company. The objective of the program is to reduce the Company's exposure to equity tail-risk and to maintain overall capital sensitivity to equity market movements within Board approved risk appetite limits. The program is designed to hedge a portion of the Company's capital sensitivity due to movements in equity markets arising from sources outside of dynamically hedged segregated fund and variable annuity exposures. During the year, there were no macro hedge transactions executed and no assets supporting the macro hedge program.

For certain very long-dated liabilities it is not practical or efficient to closely match liability cash flows with fixed-income investments. Therefore, certain long-dated asset portfolios target an investment return sufficient to meet liability cash flows over the longer term. From an economic perspective, these liabilities are partially backed by a diversified portfolio of non-fixed income investments, including equity and real estate investments, in addition to long dated fixed-income instruments.

Foreign Exchange Risk

Foreign exchange risk is the risk of loss resulting from changes in currency exchange rates against the reporting currency. The Company's foreign exchange investment and risk management policies and practices are to match the currency of the Company's general fund investments with the currency of the underlying insurance and investment contract liabilities. To enhance portfolio diversification and improve asset liability matching, the Company may use foreign exchange derivatives to mitigate currency exchange risk to the extent this is practical using forward contracts and swaps.

The Company has net investments in foreign operations. As a result, the Company's revenue, expenses and income denominated in currencies other than the Canadian dollar are subject to fluctuations due to the movement of the Canadian dollar against these currencies. Such fluctuations affect the Company's financial results. The Company has exposures to the U.S. dollar resulting from the operations of Empower in the United States and the Reinsurance business unit within the Capital and Risk Solutions segment; and to the British pound and the euro resulting from operations of business units within the Europe and Capital and Risk solutions segments operating in the U.K., the Isle of Man, Ireland and Germany.

In accordance with IFRS, foreign currency translation gains and losses from net investments in foreign operations, net of related hedging activities and tax effects, are recorded in accumulated other comprehensive income (loss). Strengthening or weakening of the Canadian dollar end-of-period market rate compared to the U.S. dollar, British pound and euro end-of-period market rates impacts the Company's total share capital and surplus. Correspondingly, the Company's book value per share and capital ratios monitored by rating agencies are also impacted.

Management may use forward foreign currency contracts and foreign currency denominated debt to mitigate the volatility arising from the movement of currency rates as they impact the translation of net investments in foreign operations. The Company uses non-GAAP financial measures such as constant currency calculations to assist in communicating the effect of currency translation fluctuation on financial results.

- A 5% appreciation (depreciation) of the average exchange rate of the Canadian dollar to each of the U.S. dollar, euro and British pound would decrease (increase) net earnings in 2023 by $$61 million, $29 million and 8 million, respectively.
- A 5% appreciation (depreciation) of the Canadian dollar end-of-period market rate compared to each of the U.S. dollar, British pound and euro end-of-period market rates would decrease (increase) the unrealized foreign currency translation gains[7], in accumulated other comprehensive income (loss) of shareholders' equity by approximately $496 million, $169 million and $66 million, respectively, as at December 31, 2023.

Liquidity Risk

The Company's liquidity risk management framework and associated limits are designed to allow the Company to meet cash and collateral commitments as they fall due, both on an expected basis and under a severe liquidity stress.

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

Under a severe liquidity stress, additional cash and collateral requirements could primarily arise from increased policyholder termination rates, derivative collateral demands, reinsurance obligations and the extension or renewal of loans at maturity. For example, a rapid rise in interest rates may encourage holders of certain types of policies to terminate their policies, thereby placing demands on the Company's liquidity position (refer to the "Interest Rate Risk" section of this document for additional details). In addition, the majority of liquid assets and other marketable securities comprise fixed-income securities whose value decrease when interest rates rise. The Company attempts to mitigate liquidity risk through product design; and maintaining a high quality, diversified investment portfolio with a spread of asset maturities by year.

Approximately 68% of insurance and investment contract liabilities (measured based on carrying value and excluding liabilities held on account of segregated fund holders) are subject to discretionary withdrawal. The liabilities which are subject to discretionary withdrawal mainly arise from U.S. general account business and Canadian participating account business. The Company includes contract provisions restricting withdrawal rights on its U.S. general account pension products sold to employee benefit plan sponsors. While plan participants can redeem at their account value, we have the right to make market value adjustments and/or delay payments for terminations of most plans at the plan sponsor level. Participating account policies provide insurance coverage over the lifetime of the policyholders which would be lost on surrender.

On segregated funds, contract terms are generally in place to mitigate liquidity risk which could arise from discretionary withdrawals.

In the normal course of certain reinsurance business, the Company provides letters of credit (LCs) to other parties, or beneficiaries. A beneficiary will typically hold a LC as collateral to secure statutory credit for insurance and investment contract liabilities ceded to or amounts due from the Company.

The Company may be required to seek collateral alternatives if it is unable to renew existing LCs at maturity. The Company monitors its use of LCs on a regular basis and assesses the ongoing availability of these and alternative forms of operating credit. The Company has contractual rights to reduce the amount of LCs issued to the LC beneficiaries for certain reinsurance treaties. The Company staggers the maturities of LCs to reduce the renewal risk.

For a further description of the Company's financial instrument risk management policies, refer to note 7 in the Company's December 31, 2023 annual consolidated financial statements.

Credit Risk

Risk Description

Credit risk is the risk of loss resulting from an obligor's potential inability or unwillingness to fully meet its contractual obligations. Exposure to this risk occurs any time funds are extended, committed or invested through actual or implied contractual agreements. Components of credit risk include: loan loss/principal risk, pre-settlement/replacement risk and settlement risk. Obligors include issuers, debtors, borrowers, brokers, policyholders, reinsurers, derivative counterparties and guarantors.

Credit exposure results from the purchase of fixed-income securities, which are primarily used to support policyholder liabilities. The Company also manages financial contracts with counterparties. Such contracts may be used to mitigate insurance and market risks (reinsurance ceded agreements and derivative contracts) or they may arise from the Company's direct business operations. The risk arising from these types of arrangements is included in the Company's measurement of its risk profile.

Credit Risk Management

The Company's credit risk management framework focuses on minimizing undue concentration of assets, in-house credit analysis to identify and measure risks, continuous monitoring, and proactive management. Diversification is achieved through the establishment of appropriate concentration limits (by asset class, issuers, credit rating, industries, and individual geographies) and transaction approval authority protocols. The Company's approach to credit risk management includes the continuous review of its existing risk profile relative to the RAF as well as to the assessment of potential changes in the risk profile under stress scenarios.

A governance structure has been implemented for the management of credit risk. The business units, including Investment Management, are the ultimate owners of credit risk and as such have primary responsibility for the identification, measurement, management, monitoring and reporting. The Company has established a senior management committee to provide oversight of credit risk, which includes completing reviews of relevant risks and making recommendations regarding risk limits, the risk policy and associated compliance, excess management and mitigation pertaining to credit risk. Each business segment has established oversight committees and operating committees to help manage credit risk within the segment. The Company has developed risk limits, RFIs and measures to support the management of credit risk in compliance with the Company's RAF.

The Company has established business segment specific Investment and Lending Policies, including investment limits for each asset class. These policies and limits are complemented by the Credit Risk Policy which sets out the credit risk management framework and principles. This policy is supported by other policies and guidelines that provide detailed guidance.

The Company identifies credit risk through an internal credit risk rating system which includes a detailed assessment of an obligor's creditworthiness based on a thorough and objective analysis of business risk, financial profile, structural considerations and security characteristics including seniority and covenants. Credit risk ratings are expressed using a 22-point scale that is consistent with those used by external rating agencies. In accordance with the Company's policies, internal credit risk ratings cannot be higher than the highest rating provided by certain independent ratings companies. The Risk Function reviews and approves the credit risk ratings assigned by Investment Management for all new investments and reviews the appropriateness of ratings assigned to outstanding exposures.

The Risk Function assigns credit risk parameters (probabilities of default, rating transition rates, loss given default, exposures at default) to all credit exposures to measure the Company's aggregate credit risk profile. In addition, the Risk Function establishes limits and processes, performs stress and scenario testing (using stochastically generated and deterministic scenarios) and assesses compliance with the limits established in the RAF. It regularly reports on the Company's credit risk profile to executive management, the Risk Committe of the Board of Directors and various committees at enterprise, business segment and legal entity levels.

Investment Management and the Risk Function are responsible for the monitoring of exposures relative to limits as well as for the management and escalation of risk limit excesses as they occur. Investment Management is also responsible for the continuous monitoring of its portfolios for changes in credit outlook, and performs regular credit reviews of all relevant obligors and counterparties, based on a combination of bottom-up credit analysis and top-down views on the economy and assessment of industry and sub-sector outlooks. Watch Lists are also used at the business segment levels to plan and execute the relevant risk mitigation strategies for obligors experiencing heightened credit stress.

Counterparty Risk

Counterparties include both reinsurers and derivative counterparties.

The Company uses reinsurance to mitigate insurance risks. This mitigation results in increased credit risk to reinsurance counterparties from the potential failure to collect reinsurance recoveries due to either the inability, or an unwillingness to fulfill their contractual obligation.

Counterparties providing reinsurance to the Company are reviewed for financial soundness as part of an ongoing monitoring process. The minimum financial strength of reinsurers is outlined in the Reinsurance Risk Management Policy. The Company seeks to minimize reinsurance credit risk through diversification as well as seeking protection in the form of collateral or funds withheld arrangements where possible.

The Company enters into derivative contracts primarily to mitigate market risks. Derivative counterparty risk is the risk of loss resulting from the potential failure of the derivative counterparty to meet their financial obligations under the contract. Derivative products are traded through exchanges or with counterparties approved by the Board of Directors or the Investment Committee. The Company seeks to mitigate derivative credit risk through diversification and through collateral arrangements where possible. In addition, the Company includes potential future exposure of derivatives in its measure of total exposure against single name limits.

Insurance Risk

Risk Description

Insurance risk is the risk of loss resulting from adverse changes in experience associated with contractual promises and obligations arising from insurance contracts. Insurance risk includes uncertainties around the ultimate amount of net cash flows (premiums, commissions, claims, payouts and related settlement expenses), the timing of the receipt and payment of these cash flows, as well as the impact of policyholder behaviour (e.g. lapses).

The Company identifies six broad categories of insurance risk, which may contribute to financial losses: mortality risk, morbidity risk, longevity risk, policyholder behaviour risk, expense risk and property & casualty risk. Mortality risk, morbidity risk, longevity risk and expense risk are core business risks and the exchange of these risks into value is a core business activity. Policyholder behaviour risk is principally associated with offering core products and is accepted as a consequence of the business model and mitigated where appropriate. Property & casualty risk is a selectively accepted business risk which is constrained, actively managed and controlled within risk limits.

Insurance Risk Management

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, and the investment income earned on those premiums, will be sufficient to pay future claims and expenses associated with the product. This requires the insurer, in pricing products and establishing insurance contract liabilities, to make assumptions regarding expected levels of income, claims and expenses and how policyholder behaviours and market risks might impact these assumptions. As a result, the Company is exposed to product design and pricing risk which is the risk of financial loss resulting from transacting business where the costs and liabilities arising in respect of a product line exceed the pricing expectations.

Insurance contract liabilities are determined under IFRS 17, as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for insurance risk; and the contractual service margin.

A governance structure has been implemented for the management of insurance risk. Business units are the ultimate owners of insurance risk and as such have primary responsibility for the identification, measurement, management, monitoring and reporting of insurance risk. The Risk Function, supported by Corporate Actuarial, is primarily responsible for oversight of the insurance risk management framework. The Company has established an Insurance Risk Committee to provide oversight of insurance risk, which includes completing reviews and making recommendations regarding risk limits, the risk policy and associated compliance, excess management and mitigation pertaining to insurance risk. Each business segment has established oversight committees and operating committees to help manage insurance risk 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, including:

- Product Design and Pricing Risk Management Policy and Reinsurance Risk Management Policy, which provide guidelines and standards for the product design and pricing risk management processes and reinsurance ceded risk management practices;
- Actuarial Function Valuation Policy, which provides documentation and control standards; and

- Participating Account Management Policies and Participating Policyholder Dividend Policies, which govern the management of participating accounts and provide for the distribution of a portion of the earnings in the participating account as participating policyholder dividends.

The Risk Function, in conjunction with Actuarial Function, implements a number of processes to carry out its responsibility for oversight of insurance risk. It reviews the Insurance Risk Policy relative to current risk exposures and updates it as required. It reviews insurance risk management processes carried out by the business units, including product design and pricing, underwriting, claims adjudication, and reinsurance ceding, and provides challenge as required.

The Risk Function works with the 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 set to keep the insurance risk profile within the Company's appetite for insurance risk and the Risk Function regularly monitors the insurance risk profile relative to these measures. Any excesses are required to be escalated so that appropriate remediation may be implemented. The Risk Function performs stress testing and analysis of insurance risks, including review of experience studies. It provides regular reporting on these activities to the business units, senior management, and risk oversight committees. The Risk Function performs thematic reviews and/or enhances the monitoring and reporting of associated exposures to these risks.

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

Mortality and Morbidity Risk

Mortality risk is the risk of loss resulting from adverse changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to a decrease in current earnings and/or expected future earnings.

Morbidity risk is the risk of loss resulting from adverse changes in the level, trend, or volatility of 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 earnings and/or expected future earnings.

There is a risk that the Company will mis-estimate the level of mortality or morbidity, 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:

- Research and analysis is done regularly to provide the basis for pricing and valuation assumptions to properly reflect the insurance and reinsurance risks in markets where the Company is active.
- Underwriting limits, practices and policies control the amount of risk exposure, the selection of risks insured for consistency with claims expectations and support the long-term sustainability of the Company.
- The Company sets retention limits for mortality and morbidity risks. Aggregate risk is managed 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 manage the risk, concentrations are monitored for new business and renewals. The Company may impose single-event limits on some group plans and declines to quote in localized areas where the aggregate risk is deemed excessive.
- Effective plan design and claims adjudication practices, for both morbidity and mortality risks are critical to the management of the risk. As an example, for group healthcare products, inflation and utilization will influence the level of claims costs, which can be difficult to predict. The Company manages the impact of these and similar factors through plan designs that limit new costs and long-term price guarantees and include the ability to regularly re-price for emerging experience.
- The Company manages large blocks of business, which, in aggregate, are expected to result in relatively low statistical fluctuations in any given period. For some policies, these risks are shared with the policyholder through adjustments to future policyholder charges or in the case of participating policies through future changes in policyholder dividends.
- The insurance contract liabilities are determined under IFRS 17. The valuation assumptions use best estimates of future experience together with a risk adjustment for non-financial risk. This risk adjustment for insurance 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.

Longevity Risk

Longevity risk is the risk of loss resulting from adverse changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to a decrease in current earnings and/or expected future earnings. Annuities, some segregated fund products with Guaranteed Minimum Withdrawal Benefits and longevity reinsurance are priced and valued to reflect the life expectancy of the annuitant. There is a risk that annuitants could live longer than was estimated by the Company, which would increase the value of the associated insurance contract liabilities.

Business is priced using mortality assumptions which consider recent Company and industry experience and the latest research on expected future trends in mortality.

Aggregate risk is managed through reinsurance to transfer the risk as appropriate, as well as consideration of capital market solutions if deemed necessary. The Company has processes in place to verify annuitants' eligibility for continued income benefits. These processes are designed to ensure annuity payments accrue to those contractually entitled to receive them and help ensure mortality data used to develop pricing and valuation assumptions is as complete as possible.

Policyholder Behaviour Risk

Policyholder behaviour risk is the risk of loss resulting from adverse changes in the level or volatility of the rates of policy lapses, terminations, renewals, surrenders, or exercise of embedded policy options.

Many products are priced and valued to reflect the expected duration of contracts and the exercising of options embedded in those contracts. There is a risk that contracts may be terminated earlier or later than assumed in pricing and plan design. To the extent that higher costs are incurred in early contract years, there is a risk that contracts are terminated before early expenses can be recovered. Conversely, on certain long-term level premium products where claims costs increase by age, there is risk that contracts are terminated later than assumed.

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. 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 (e.g. ability to cancel on relatively short notice and specified exclusions).

Expense Risk

Expense risk is the risk of loss resulting from adverse variability of expenses incurred with fee-for-service business or in servicing and maintaining insurance, savings or reinsurance contracts, including direct expenses and allocations of overhead costs.

Expense management programs are regularly monitored to control unit costs while maintaining effective service delivery.

Property & Casualty Risk

Property & casualty risk is the risk of loss resulting from adverse changes in experience associated with property catastrophe and other non-life coverages.

This risk is primarily driven by the Company's reinsurance assumed business and can be split into two main categories as noted below:

- The Company assumes property catastrophe risk, primarily 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 could impact multiple reinsurance contracts.

  Risks are managed by limiting the total maximum claim amount under all contracts and monitors cedant companies' claims experience on an ongoing basis, incorporating their experience in pricing models to ensure that the Company is adequately compensated for the risk undertaken.

- The Company also assumes additional non-life risks which can include, amongst others, motor, pet, third party liability, unemployment and title insurance. Treaties can take the form of coverage for particular lines of business or multiple lines of business.

  Risks are managed through risk limits which are assessed 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 variation in risk exposures, transactions would be expected to diversify very well with each other and with the Company's other risk exposures.

Operational Risk

Risk Description

Operational risk is the risk of loss resulting from potential problems relating to internal processes, people and systems or from external events. Exposure to Operational risk results from either normal day-to-day operations or a specific unanticipated event, and can have material financial and/or reputational consequences.

Operational Risk Management

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

The Company actively manages operational risks to support operational resilience across key processes and services and to maintain a strong reputation, standing and financial strength.

A governance structure has been implemented for the management of operational risk. Business units are the ultimate owners of operational risk and as such have primary responsibility for the identification, measurement, management, monitoring and reporting of operational risk. The Company has established an Operational Risk Committee to provide oversight of operational risk, which includes completing reviews, reporting, and monitoring risks; and making recommendations regarding risk limits, risk policies and mitigation pertaining to operational risks. Each business segment has established oversight committees and operating committees to help manage operational risk across their business.

The Company's Operational Risk Policy is supported by standards and guidelines that relate to specialized functions including detailed practices related to technology and cybersecurity risk management, fraud, regulatory compliance, stress testing, modeling, risk data aggregation and risk reporting. The Company implements controls to manage operational risk through integrated policies, procedures and processes, with consideration given to the cost/benefit trade-off. Processes and controls are monitored and refined by the business areas and periodically reviewed by the Company's Internal Audit department. Financial reporting processes and controls are further examined by external auditors.

The Company employs a combination of operational risk management methods including risk and control assessments, internal control factors and risk event analyses. For the identification of operational risks, the Company utilizes risk and control assessments which systematically identify and assess potential operational risks and associated controls. Internal and external operational risk events are analyzed to identify root causes and provide insights into potential new operational risks that could impact the Company. In addition, scenario analysis is employed to identify and quantify potential severe operational risk exposures, while RFIs, risk appetite preferences, and other processes are leveraged to measure, manage and monitor operational risks.

The Risk Function monitors the status of actions being undertaken to remediate risks to ensure that risk exposures are mitigated in a timely manner. Processes are in place to escalate significant matters to senior management to inform and enable management to take appropriate action when needed. The Risk Function regularly reports on the Company's operational risk profile to executive management, the Board of Directors and various committees at enterprise, business segment and legal entity levels.

The Company also manages operational risks through the corporate insurance program which mitigates a portion of the operational risk exposure by purchasing insurance coverage that provides protection against unexpected material losses resulting from events such as property loss, cyber-attack or damage and liability exposures. The nature and amount of insurance protection purchased is assessed with regard to the Company's risk profile, risk appetite and tolerance for the associated risks, as well as legal requirements and contractual obligations.

Operational resilience is an outcome of the application of comprehensive risk frameworks and effective management of risk and is managed through the ability to embed capabilities, processes, and systems to successfully deliver critical operations, through disruption. Operational resilience emphasizes preparation, response, recovery, learning, and adaptation by assuming disruptions, including simultaneous disruptions, will occur.

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 that can significantly impact the Company's ability to operate efficiently, stay compliant with regulations and maintain its financial integrity and reputation. More specifically, technology risk includes cyber and information security risk, technology operations risk and technology delivery risk.

Technology is a critical component of the Company's business operations and is also central to the Company's customer-focused digital strategy. The Company continues to face technology and cyber risks stemming from legacy technology constraints and the advancement of techniques used in cyber-attacks.

The Company continues to implement new risk management processes and practices designed to allow it to better identify, measure, manage and report on technology risk including emerging technologies such as artificial intelligence, with processes and practices continuing to require further development as technology and business needs evolve. The Company's strategy and approach to managing technology and cyber risks includes policies that govern the technology environment and set standards related to information security and the use of technology, including:

- the use of multiple layers of technologies that are designed to prevent unauthorized access, ransomware attacks, distributed denial of service and other cyber-attacks;
- coordinated global and regional information security offices that gather threat intelligence, detect, monitor and respond to security events and conduct regular threat and vulnerability risk assessments;
- independent oversight and assessment of the approach taken to mitigate technology and cyber risks by the Technology Risk Management team, an independent group that acts as the second line of defense; and
- regular cyber security awareness sessions and mandatory cyber security training for all employees.

Business Continuity Risk

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

A business continuity risk management framework has been implemented to manage business continuity risks and impacts through the development, testing, training and maintenance in four key areas: emergency response, incident management, business continuity and technology resilience which includes disaster recovery.

Process & Reporting Risk

Process and reporting risk is the risk of loss or material misstatement resulting from inadequate or failed business processes or financial reporting. These processes include transaction processing, product development, product introduction, new business (including the distribution and sales process) and renewal (including the underwriting process), investment activities, client administration, claims and benefit payments, data aggregation and financial reporting, financial modelling and financial management. The inadequacy can arise in governance, oversight, communication or general process management.

Process and reporting risk are an inherent part of doing business. The Company takes steps to manage and mitigate risks through the establishment of robust control environment for core processes.

Further, the Company seeks to control processes across the value chain through automation, standardization and process improvements to prevent or reduce operational losses.

Fraud Risk

Fraud risk is the risk of loss resulting from acts or activities that are intended to defraud, misappropriate assets, or circumvent laws or regulations by customers, contractors or other third parties, directors, officers, employees or advisors. The fraud environment continues to intensify for financial institutions, due to increased financial pressures that may motivate and rationalize fraudulent behavior and progressively sophisticated methods of organized fraud and cyber fraud. Fraud can result in a financial loss or reputational impact to the Company and have other impacts that are detrimental to customers and other stakeholders.

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

Supplier Risk

Supplier risk is the risk of loss resulting from the failure to establish and manage adequate supplier arrangements, transactions or other interactions to meet the expected or contracted service level. Supplier risk is applicable to both external and internal suppliers.

The Company strategically engages suppliers to maintain cost efficiency, to optimize internal resources and capital and to utilize skills, expertise and resources not otherwise available to the Company. Suppliers are engaged based on our prescribed supplier risk management principles in our Supplier Risk Management Policy. The Company applies a risk management framework and risk mitigation activities needed (e.g. risk assessments, due diligence, etc.) to oversee and monitor interactions with suppliers throughout the supplier lifecycle, including how they meet standards for quality of service and protect stakeholders and the interests of the Company.

Legal and Regulatory Compliance Risk

Legal and regulatory risk is the risk of loss resulting from non-compliance with specific local or international rules, laws, regulations, or prescribed practices, as well as civil or criminal litigation engaged in/by the Company. As a multi-national enterprise, the Company and certain of its subsidiaries are subject to extensive legal and regulatory requirements in Canada, the U.S., the U.K., Ireland, Germany and other jurisdictions. These requirements cover most aspects of the Company's operations including capital adequacy, privacy, liquidity and solvency, investments, the sale and marketing of insurance and wealth products, the business conduct of insurers, asset managers and investment advisors as well as reinsurance processes. Material changes in the legal or regulatory framework or the failure to comply with legal and regulatory requirements could have an adverse effect on the Company. An increase in the pace of regulatory change could lead to increased operational costs to implement changes and ensure ongoing compliance.

Legal and regulatory risk is managed through coordination 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 is subject to the risk of litigation and regulatory action 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 resulting from the inadequate management of human capital or the misalignment of human resources policies, programs and practices with employment-related legislation, regulatory expectations or the Company's strategic objectives, risk appetite and values. The Company has compensation programs, succession planning, talent management and employee engagement processes that are designed to manage these risks, support a high-performance culture, and maintain a highly skilled workforce that is reflective of the diverse cultures and practices of the countries in which the Company operates. The Company's ability to recognize and accommodate changing trends with respect to human resources in the industry is important to execute upon business strategies.

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

Model / EUC risk is the potential for adverse consequences from decisions based on incorrect models or EUC's, or misuse of their outputs and reports. Model / EUC risk can lead to financial loss, poor business and strategic decision-making, or damage to the Company's reputation or standing due to a negative perception of the Company's image among customers, counterparties, shareholders and/or supervisory authorities.

The Company has limited appetite for Model / EUC risk and prioritizes mitigation and control activities, where possible, to limit adverse consequences arising from models or EUC's not performing as intended, using a risk-based approach. This includes establishment of mitigation and control activities within the model / EUC lifecycle (development, maintenance and ongoing use), establishment and periodic refresh of model and EUC inventories within their associated risk classification structures and independent review of models and EUC's within their review cycles commensurate to the level of risk.

Conduct Risk

Risk Description

Conduct risk is the risk of unfair outcomes for customers as a result of inadequate or failed processes and/or inappropriate behaviours, offerings or interactions by the Company or its agents. A failure to identify and mitigate conduct risk impacts not only the Company's customers but can also have adverse reputational and financial consequences for the Company due to the cost of customer remediation, damage to reputation and/or regulatory fines.

Conduct Risk Management

The Company manages conduct risk through various processes which include:

- formalized policies, frameworks, employee training and senior management reporting;
- providing appropriate and clear customer disclosures and communications;
- applying product design, complaint, claims management and sales and advice processes that consider outcomes to customers and customer vulnerability; and
- conducting risk-based advisor assessments and suitability reviews, maintaining controls and adhering to Board-approved policies and processes, including the Conduct Risk Policy and the Code of Conduct.

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

Strategic Risk

Risk Description

Strategic risk may reflect intentional risk-taking in anticipation or response to industry forces or it may emerge as unintended consequences from changes to strategy, execution of strategy, or from lack of responsiveness to external forces.

Strategic risk-taking is inherent to achieving strategic objectives and arises from the fundamental decisions made and actions taken concerning an organization's objectives. It may relate to or stem from the design and development of strategy, including the formulation, evaluation and ongoing validation of strategy, or execution of corporate and business strategies, and management of associated risks stemming from the same.

Strategic risk is the risk of failing to set or meet appropriate strategic objectives in the context of the internal and external operating environment resulting in a material impact on business performance (e.g. earnings, capital, reputation or standing).

Strategic Risk Management

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

Strategic risk management spans the development and refinement of strategy, the translation of strategy into tangible activities, alignment of resources to requirements for executing the strategy, execution of strategy, and ongoing activities to monitor and adjust strategies or related initiatives. Strategic risks are monitored at all stages of the strategy management lifecycle.

The Company aligns business strategies with its risk appetite and mitigates exposure to strategic risk through strategic planning, establishing appropriate performance indicators, reporting of strategy execution and implementation against strategic goals and ongoing monitoring, together with robust oversight and challenge.

The Company identifies and manages strategic risk in relation to both new and existing strategies, strategic initiatives, and any new business development with the potential to have significant strategic impact on the business or overall portfolio. Major initiatives undergo a comprehensive risk assessment to review alignment with risk appetite and are subject to regular and robust monitoring and oversight.

Other Risks

Sustainability Risk

Sustainability risk is the risk that the interests of the Company's customers and other stakeholders are not protected, or that business operations and business growth are not sustained due to failure to meet societal expectations related to corporate social responsibilities.

The Company may experience direct or indirect financial, operational or reputational impacts stemming from sustainability risks, which include climate change as well as diversity and inclusion-related matters.

Sustainability considerations are formally reflected in the Company's risk management principles and associated policies. The Company recognizes that sustainability risk impacts both financial risks (market, credit and insurance) as well as non-financial risks (operational, conduct and strategic). Sustainability risk is not a stand-alone risk type, but underlies all risk types. As a result, the processes for managing sustainability risk are embedded in the processes for managing each risk type.

The Company takes a balanced and sustainable approach to conducting business. The Company has established a climate risk management policy that articulates the principles guiding the Company's approach to climate risk and sets forth 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 generally depends upon receipt of sufficient funds from its principal subsidiaries and its ability to raise additional capital.

In the event of bankruptcy, liquidation or reorganization of any of these subsidiaries, insurance and investment contract liabilities of these subsidiaries will be completely provided for before any assets of such subsidiaries are made available for distribution to the Company. In addition, the other creditors of these subsidiaries will generally be entitled to the payment of their claims before any assets are made available for distribution to the Company except to the extent that the Company is recognized as a creditor of the relevant subsidiaries.

Any payment (including payment of interest and dividends) by the principal subsidiaries is subject to restrictions set forth in relevant insurance, securities, corporate and other laws and regulations, which require that solvency and capital standards be maintained by Canada Life and Empower and their subsidiaries. There are considerable risks and benefits related to this structure.

Management monitors the solvency and capital positions of its principal subsidiaries opposite liquidity requirements at the holding company level. Management also establishes lines of credit for additional liquidity and may also access capital markets for funds. Management monitors compliance with the regulatory laws and regulations at both the holding company and operating company levels.

Mergers and Acquisitions Risk

Periodically, the Company and its subsidiaries evaluate existing companies, businesses, assets, products and services. Such reviews could result in the Company or its subsidiaries acquiring or divesting of businesses or assets. In the ordinary course of business, the Company considers and discusses the purchase or sale of companies, businesses segments or assets.

If effected, such transactions could be material to the Company in size or scope, 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, could result in changes in the value of the securities of the Company, including the common shares of the Company, and could result in the Company holding additional capital for contingencies that may 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, due diligence reviews of potential transactions are undertaken, and risks are assessed in the context of our Risk Appetite. For acquisitions, an integration strategy is established that considers the values, norms, and culture of the target company, including monitoring of new and emerging risks that may impede efficiency and delay the consolidation process. Before acquiring or divesting companies, businesses, business segments, or assets, management assesses and provides assurance that systems and processes are appropriate to manage the risks after the transaction is completed, and regular monitoring and oversight of transaction activities is conducted.

Tax Regime Risk

The Company operates in a number of countries each with its own distinct tax regime, encompassing various levels of government and a range of tax mechanisms, such as income taxes, capital taxes, payroll taxes, value add taxes, sales taxes, etc. and further, may provide tax incentives for certain types of products (examples include support for pensions, retirement savings and life & health insurance). These jurisdictions periodically review and amend various aspects of the tax regime that can have an impact on the business of the Company.

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

Management actively monitors changes in tax regimes in countries where it has operations and proactively responds to tax changes that may have potential impacts on its business.

In December 2021, the OECD published the Pillar Two model rules outlining a structure for a new 15% global minimum tax regime. A number of countries where the Company operates, including Ireland, Germany and the U.K., have enacted legislation, and will be effective for the Company's financial year beginning January 1, 2024. Pillar Two draft legislation in Canada and Barbados has not been substantively enacted but when enacted, is expected to be effective for the Company as of January 1, 2024. As the Company operates in certain countries with a lower tax rate than the proposed minimum, an increase in the effective tax rate is expected. Based on a preliminary assessment, the Company expects an increase in the effective income tax rate on base earnings in the 2-4% range.

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

Product Distribution Risk

Product distribution risk is the risk of loss resulting from the Company's inability to market its products through its network of distribution channels and intermediaries. These intermediaries generally offer their clients products in addition to, and in competition with, the Company's products, and are not obligated to continue working with the Company. In addition, certain investors rely on consultants to advise them on the choice of provider and the consultants may not always consider or recommend the Company. The loss of access to a distribution channel, the failure to maintain effective relationships with intermediaries or the failure to respond to changes in distribution channels could have a significant impact on the Company's ability to generate sales.

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

Reputation Risk

Reputation risk is the risk of loss as a result of damage to the Company's image, brand and standing in the market due to negative public perception. Protecting the Company's reputation is a fundamental component of our Risk Appetite Framework. Reputational impacts are considered when assessing financial and non-financial risk.

Geopolitical Risk

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

Exposures and Sensitivities

Insurance and Investment Contract Liabilities

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

Non-Financial Exposures and Sensitivities

The earnings and CSM sensitivities illustrated in the table below represent impacts as at December 31, 2023 under the Company's current accounting policies, including accounting for insurance contracts under IFRS 17 and financial instruments under IFRS 9. 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, 2023				
2% Life mortality increase	$ (100)	$ (100)	$ (375)	$ (200)
2% Annuity mortality decrease	175	150	(700)	(625)
5% Morbidity adverse change	(150)	(125)	(225)	(100)
5% Expense increase	—	—	(150)	(150)
10% Adverse change in policy termination and renewal	50	50	(1,025)	(950)
December 31, 2022 (Restated)				
2% Life mortality increase	$ 50	$ 25	$ (550)	$ (325)
2% Annuity mortality decrease	200	200	(725)	(650)
5% Morbidity adverse change	(75)	(100)	(275)	(125)
5% Expense increase	—	—	(175)	(175)
10% Adverse change in policy termination and renewal	150	150	(1,125)	(1,100)

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.

Under IFRS 17, assumption changes on insurance risks directly impact CSM, for contracts which have CSM. The impact of assumption changes on CSM are measured at locked-in discount rates, for contracts measured under the General Measurement Model. Net earnings impacts arise from the fair value impact of assumption changes impacting CSM, as well as assumption changes on contracts which do not have CSM (including short term insurance contracts). The fair value impact of CSM assumption changes included in earnings is a second-order impact which captures the present value difference between the impact of assumption changes measured at prevailing discount rates and locked-in discount rates. In general, prevailing discount rates are currently higher than locked-in rates for the Company's insurance contracts. Therefore, an unfavourable change in assumptions on insurance risks, which decreases CSM, also results in a positive impact in the period due to the fair value impact.

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

Financial Exposures and Sensitivities

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

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

Financial Exposures and Sensitivities

	Net earnings[1]		Equity[1]		CSM[2]		LICAT
	Dec. 31 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022	**Dec. 31 2023**
Investment returns:							
Change in risk free interest rates							
50 basis points increase	$ 175	$ 75	$ 150	$ 50	$ 175	200	0 point
50 basis points decrease	(225)	(125)	(225)	(100)	(250)	(300)	0 point
Change in credit spreads							
50 basis points increase	$ 300	n/a	$ 350	n/a	$ 175	n/a	n/a
50 basis points decrease	(375)	n/a	(450)	n/a	(250)	n/a	n/a
Change in publicly traded common stock values[1]							
20% increase	$ 225	$ 200	$ 525	$ 475	$ 525	$ 575	0 point
10% increase	100	100	250	225	275	275	0 point
10% decrease	(100)	(125)	(250)	(250)	(300)	(325)	0 point
20% decrease	(225)	(225)	(525)	(500)	(550)	(625)	(1 point)
Change in other non-fixed income asset values							
10% increase	$ 400	$ 400	$ 450	$ 425	$ —	$ —	1 point
5% increase	200	200	225	225	—	—	n/a
5% decrease	(200)	(200)	(225)	(225)	—	—	n/a
10% decrease	(425)	(425)	(450)	(450)	—	—	(1 point)

1 Subsequent to year end, on January 1, 2024, the Company sold Putnam and received shares in Franklin Templeton as part of the consideration. The net impact to shareholders' net earnings and equity of this transaction to the values in the table above would be to increase sensitivities by $75 million for a 10% increase or decrease in the value of publicly traded stocks and increase sensitivities by $150 million for a 20% increase or decrease in the value of publicly traded stocks.

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

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.

Exposures to credit spread sensitivities as at December 31, 2022 are assumed to be substantially similar to the levels as shown for December 31, 2023.

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, 2023 and December 31, 2022, the sensitivity of shareholders' net earnings of the Company to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of $25 million or a decrease of $25 million post-tax, respectively. In addition, the sensitivity of the CSM of the Company to a 10 basis point in the UIR in all geographies would be an increase of $75 million or a decrease of $75 million pre-tax, respectively.

Refer to the "Accounting Policies - Summary of Critical Accounting Estimates" 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 judgement based on current expectations but could be impacted in the future depending on current market developments.

Fair Value Measurement

Under IFRS 9, a financial asset is measured at fair value on initial recognition and is classified and subsequently measured as fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), or amortized cost based upon the Company's business model for managing its assets and the contractual cash flow characteristics of the asset.

The Company's business models are determined at the level that reflects how its groups of financial assets are managed together to achieve business objectives.

Refer to note 8 in the Company's annual consolidated financial statements for the period ended December 31, 2023 for disclosure of the Company's financial instruments fair value measurement by hierarchy level as at December 31, 2023.

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

Bonds - FVTPL and FVOCI

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

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

Mortgages - FVTPL and FVOCI

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

Equity Release Mortgages - FVTPL

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

Stocks - FVTPL

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

Goodwill and Intangibles Impairment Testing

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

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

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

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

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

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

Hedge Accounting

The Company elected to continue to apply the hedge accounting principles under IAS 39 instead of those under IFRS 9. Refer to note 2 in the Company's annual consolidated financial statements for the year ended December 31, 2023 for disclosure of the Company's policy for hedge accounting.

Expected Credit Losses (ECL)

Under IFRS 9, 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 model under IFRS 9 replaces the incurred loss model under IAS 39.

The Company measures loss allowances at either a 12-month ECL or lifetime ECL. A 12-month ECL results from any default events that could potentially occur within the 12 months following the reporting date. A 12-month ECL is calculated for financial assets that are determined to have low credit risk or the credit risk has not increased significantly since initial recognition. A lifetime ECL results from all possible default events over the expected life of the financial asset, which is the maximum contractual period over which the Company is exposed to the credit risk. A lifetime ECL is recognized for financial assets that have experienced a significant increase in credit risk since initial recognition or when there is objective evidence of 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.

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. The measurement of ECL for a financial asset is based primarily on the exposure at default, the probability of default, and the loss given default. The measurement of ECL allowances requires the use of judgment and assumptions.

For performing financial assets, the ECL is calculated as the present value of all cash shortfalls which are the difference between cash flows due to the Company and the cash flows expected to be received. For financial assets that are impaired, the ECL is calculated as the difference between the carrying value of the asset and the present value of estimated future cash flows. Financial assets that are subject to ECL allowances are categorized into three stages:

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

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

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

Insurance, Reinsurance Held and Investment Contract Liabilities

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

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

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

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

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

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

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

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

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

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

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

Investment 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 under IFRS 17 and IFRS 9. 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 under IFRS 9, for example, mortgage assets which are valued at amortized cost and held in the general fund assets supporting liabilities, also contributes to interest rate exposure in net earnings.

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

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

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

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

For a further description of the Company's sensitivity to equity market, interest rate and other fluctuations, refer to "Financial Instruments Risk Management" note 7 in the Company's annual consolidated financial statements for the period ended December 31, 2023.

Risk Adjustment

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

Discount Rates

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

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

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

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

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

As at December 31, 2022		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	5.9 %	4.8 %	4.8 %	4.9 %	4.7 %	5.0 %
	Upper	6.3 %	5.3 %	5.3 %	5.3 %	5.2 %	5.1 %
USD	Lower	5.9 %	5.3 %	5.1 %	5.6 %	5.2 %	4.9 %
	Upper	6.3 %	5.7 %	5.5 %	6.0 %	5.6 %	5.0 %
EUR	Lower	2.5 %	2.8 %	2.8 %	2.9 %	3.1 %	4.3 %
	Upper	4.2 %	4.5 %	4.5 %	4.6 %	4.5 %	4.6 %
GBP	Lower	4.0 %	4.2 %	4.3 %	4.6 %	4.4 %	3.8 %
	Upper	5.3 %	5.4 %	5.5 %	5.9 %	5.7 %	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 various jurisdictions. The Company's operations are complex and related income tax interpretations, regulations and legislation that pertain to its activities are subject to continual change. As life insurance companies, the Company's primary Canadian operating subsidiaries are subject to a regime of specialized rules prescribed under the *Income Tax Act (Canada)* for purposes of determining the amount of the companies' income that will be subject to tax in Canada.

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

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

Employee Future Benefits

The Company's subsidiaries maintain contributory and non-contributory defined benefit and defined contribution pension plans for eligible employees and advisors. The defined benefit pension plans provide pensions based on length of service and final average pay; however, these plans are closed to new entrants. Many of the subsidiaries' defined benefit pension plans also no longer provide future defined benefit accruals. The Company's defined benefit plan exposure is expected to reduce in future years. Where defined benefit pension accruals continue, active plan participants share in the cost of benefits through employee contributions in respect of current service. Certain pension payments are indexed on either an ad hoc basis or a guaranteed basis. The determination of the defined benefit obligation reflects pension benefits in accordance with the terms of the plans. Assets supporting the funded pension plans are held in separate trusteed pension funds. Obligations for the wholly unfunded plans are included in other liabilities and are supported by general assets. New hires and active plan participants in defined benefit plans closed to future defined benefit accruals are eligible for defined contribution benefits. The defined contribution pension plans provide pension benefits based on accumulated employee and employer contributions. The Company's subsidiaries also provide post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependents. These plans are also closed to new entrants. For further information on the pension plans and other post-employment benefits refer to note 26 in the Company's December 31, 2023 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.

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	
	2023	2022	**2023**	2022
Actuarial assumptions used to determine benefit cost				
Discount rate - past service liabilities	5.0%	2.6%	5.3 %	3.1%
Discount rate - future service liabilities	5.3%	3.3%	5.4 %	3.0%
Rate of compensation increase	3.8%	3.1%	—	—
Future pension increases[1]	2.3%	1.7%	—	—
Actuarial assumptions used to determine defined benefit obligation				
Discount rate - past service liabilities	4.4%	5.0%	4.7 %	5.3%
Rate of compensation increase	3.4%	3.8%	—	—
Future pension increases[1]	2.1%	2.3%	—	—
Medical cost trend rates				
Initial medical cost trend rate			4.7 %	4.8%
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.

Actuarial assumptions – 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	
	2023	2022	**2023**	2022
Defined benefit pension plans:				
Impact of a change to the discount rate	$ (771)	$ (733)	$ 972	$ 926
Impact of a change to the rate of compensation increase	173	173	(157)	(156)
Impact of a change to the rate of inflation	346	340	(313)	(299)
Other post-employment benefits:				
Impact of a change to assumed medical cost trend rates	$ 14	$ 14	$ (12)	$ (12)
Impact of a change to the discount rate	(22)	(22)	26	25

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.

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 $283 million ($293 million in 2022) to the pension plans and made benefit payments of $18 million ($18 million in 2022) for post-employment benefits. The Company's subsidiaries expect to contribute $206 million to the pension plans and make benefit payments of $19 million for post-employment benefits in 2024.

International Financial Reporting Standards

Due to the evolving nature of IFRS, there are a number of IFRS changes impacting the Company in 2023, 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.

Transition to IFRS 17 and IFRS 9

The Company has adopted IFRS 17, *Insurance Contracts* (IFRS 17) replacing IFRS 4, *Insurance Contracts* (IFRS 4) effective January 1, 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. Under IFRS 17, groups of contracts are measured at the estimate of the present value of fulfilment cash flows, adjusted for an explicit risk adjustment for non-financial risk and the Contractual Service Margin (CSM). While the new standard changes the measurement and timing of recognition of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements, it does not have a material impact on the Company or change the Company's underlying business strategy.

The impacts of the adoption of IFRS 17 include:

- January 1, 2022 shareholders' equity decreased by approximately 12% on the adoption of IFRS 17 on January 1, 2023 in line with original expectations, primarily due to the establishment of the contractual service margin (CSM), partially offset by the removal of provisions no longer required under IFRS 17.
- The CSM established for in-force contracts as at January 1, 2022 was $5.9 billion associated with the shareholders' account and $2.6 billion associated with the participating account. This does not include the CSM on in-force segregated fund business which does not have a material impact on capital or opening equity.
- 1.8% decrease in base earnings[8] as a result of transition with no material change to the pattern of base earnings and approximately 70% of business experienced limited or no impacts; however, there is an expected increase in net earnings volatility driven by the removal of the direct link between asset and liability measurement that existed under the Canadian Asset Liability Matching (CALM) process under IFRS 4. In addition, changes to the base earnings definition to exclude the amortization of acquisition-related finite life intangible assets, accounted for a 4.0% increase in base earnings for an overall net increase of 2.2%.
- Medium-term financial objectives for base EPS[9] growth and base dividend payout ratio remain unchanged, while medium-term financial objective for base ROE is increased by 2% to 16-17% reflecting the change in shareholders' equity.
- Financial strength has been maintained with a positive impact of approximately 10 points to the December 31, 2022 proforma Canada Life consolidated LICAT Ratio as a result of the adoption of IFRS 17 and IFRS 9. Tier 1 available capital under the 2023 LICAT Guideline includes the CSM, other than the CSM associated with segregated fund guarantees.

The Company has also adopted IFRS 9, *Financial Instruments* (IFRS 9) replacing IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. IFRS 9 provides changes to financial instruments accounting for the following: classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset; impairment based on an expected loss model; and hedge accounting that incorporates the risk management practices of an entity. The adoption of IFRS 9 has not resulted in a material change in assets, liabilities and earnings.

The Company elected to present comparative information for its financial assets as if the classification and measurement requirements of IFRS 9 had been applied in the comparative period (IFRS 9 overlay), as permitted by the amendment to IFRS 17 published by the IASB in December 2021. Differences in asset classification under IAS 39 at December 31, 2022 and IFRS 9 at January 1, 2023 are outlined below.

Transition to IFRS 9	**Classification**	
	IAS 39	**IFRS 9**
Financial Assets		
Bonds		
	FVTPL (designated)	FVTPL (designated)
	FVTPL (designated)	FVOCI[1]
	FVTPL (classified)	FVTPL (mandatory)
	Available-for-Sale (AFS)	FVTPL (mandatory)
	AFS	FVOCI[1]
	Loans & Receivables (L&R)	FVTPL (designated)
	L&R	FVOCI[1]
	L&R	Amortized Cost[1]
Mortgage loans		
	FVTPL (designated)	FVTPL (mandatory)
	AFS	FVTPL (mandatory)
	L&R	FVTPL (designated)
	L&R	FVOCI[1]
	L&R	Amortized Cost[1]
Stocks		
	FVTPL (designated)	FVTPL (mandatory)
	AFS	FVTPL (mandatory)
	AFS, at cost	FVTPL (mandatory)

1 Under IFRS 9, allowances for expected credit loss (ECL) are recognized on all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI.

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

The transition from IAS 39 to IFRS 9 results in a significantly larger portion of the Company's bond and mortgage portfolios being measured at fair value under IFRS 9. Based on January 1, 2023 balances, the transition to IFRS 9 leads to 100% of the bond portfolio and 89% of the mortgage portfolio being measured at fair value, compared to 79% and 9%, respectively, under IAS 39 which is expected to result in greater net earnings volatility.

Transitional Impact on Equity

The resulting changes in accounting policies from the adoption of IFRS 17 and IFRS 9 had an impact on the Company's opening equity balances.

The adoption of IFRS 17 and the IFRS 9 overlay resulted in an overall reduction to total assets of $13.6 billion, total liabilities of $10.2 billion, and total equity of $3.4 billion on the transition balance sheet as at January 1, 2022.

Asset and liability reclassifications were driven by changes to the groupings of certain assets and liabilities. Significant reclassifications included $8.3 billion of loans to policyholders, $7.9 billion of funds held by ceding insurers, and $1.9 billion of premiums in the course of collection reclassified to insurance contract liabilities. In addition, $40.5 billion of insurance contract liabilities were reclassified to investment contract liabilities, and insurance contract assets of $1.5 billion and reinsurance contract held liabilities of $1.3 billion were established. The presentation of liabilities on account of segregated fund policyholders was separated between insurance and investment contract liabilities.

IFRS 9 adjustments primarily resulted in an increase to total assets of $2.6 billion due to a change in designation of certain bonds and mortgages held at amortized cost under IAS 39 to FVTPL under IFRS 9.

IFRS 17 adjustments mainly resulted in an increase to insurance contract liabilities of $6.8 billion, which is primarily the result of the establishment of CSM for in-force contracts of $5.9 billion associated with the shareholders' account and $2.6 billion associated with the participating account, partially offset by the transition of risk adjustments from IFRS 4 to IFRS 17 of $2.0 billion. This does not include the CSM on in-force segregated fund business which does not have a material impact on capital.

Total equity decreased by $3.4 billion, split $3.1 billion for the shareholders' account accumulated surplus, $0.2 billion for the participating account surplus, and $0.1 billion for accumulated other comprehensive income.

Shareholders’ account accumulated surplus decreased by $3.1 billion primarily due to the establishment of the CSM of $6.3 billion and the adjustment for differences in the discount rate of $1.9 billion, offset by increases due to the transition of risk adjustments from IFRS 4 to IFRS 17 of $2.0 billion and the impact of the initial application of the IFRS 9 overlay of $2.2 billion. All other impacts, including taxes, adjustments for non-attributable expenses and from reclassifications totaled an increase of $0.9 billion.

The participating account surplus decrease of $0.2 billion was due to the impact of the initial application of IFRS 17 of $0.7 billion offset by the impact of the application of the IFRS 9 overlay of $0.5 billion.

Accumulated other comprehensive income decreased by $0.1 billion due to the impact of the application of the IFRS 9 overlay.

Observations from 2022 Restated Comparative Results

The adoption of IFRS 17 led to a 1.8% decrease in base earnings with approximately 70% of business experiencing limited or no change in earnings. For businesses more impacted by IFRS 17, the main drivers of the change in earnings relate to the introduction of the contractual service margin (CSM) and the removal of the direct link between assets and liabilities.

The CSM leads to more stable insurance results as gains on new business, certain non-financial experience (e.g., longevity) and non-financial assumption changes are recognized in the CSM, to the extent possible, and then recognized into earnings as services are provided over the life of the insurance contract. However, certain non-financial experience (e.g., mortality impact on life insurance contracts) is immediately recognized in base earnings. This can lead to a difference in the base earnings recognition while not impacting Canada Life's regulatory capital (LICAT) position. Canada Life's diverse portfolio continues to minimize the impact on capital from changes in mortality as the increased CSM balances on the longevity blocks provide an increase to Tier 1 available capital for LICAT which mitigates the immediate earnings recognition on the mortality blocks. This capital treatment is more reflective that the underlying economics of these blocks of business have not changed, rather only the timing of how experience is reflected in earnings has changed.

The removal of the direct link between assets and liabilities led to a modest decrease in base earnings as the impact of trading activity on certain lines of business is deferred rather than immediately reflected into earnings. The Company elected to use a top-down, own assets reference portfolio approach to set liability discount rates for fulfillment cashflows for most portfolios of business. For other lines of business, as the Company rebalances fixed income investments within the reference portfolio, this can change the top-down discount rates used to measure insurance contract liabilities which leads to trading activity being recognized in earnings immediately.

There is also greater net earnings volatility under IFRS 17 due to the removal of the direct link between assets and liabilities resulting in differences in the change in liabilities compared to the change in supporting assets. The Company reviewed its asset liability management and accounting policy decisions with the transition to IFRS 17, with the focus of maintaining Canada Life's regulatory capital (LICAT) stability.

- For example, in instances where investment strategy uses equities or other non-fixed income (NFI) assets, or mortgage assets which are valued at amortized cost, as a component of general fund assets supporting liabilities, interest rate exposure arises in the net earnings under IFRS 17. However, this additional net earnings volatility offsets other LICAT impacts leading to greater LICAT stability.
- As equity and real estate markets move up or down, the change in the asset carrying values (marked-to-market movements) are now recognized in earnings as opposed to being offset in the CALM process under IFRS 4. However, this additional net earnings volatility leads to a limited LICAT impact due to the limited use of NFI assets.

Over the 2022 comparative period, the Company observed the following key items:

- A 1.8% decrease in base earnings with approximately 70% of business experience limited or no change in earnings. This decrease was driven by deferral of new business gains and certain trading activity, partially offset by higher in-force earnings driven by the CSM amortization and deferral of certain non-financial experience.
- An increase in net earnings volatility due to market experience that was a result of the heightened market volatility within 2022; however, the Company's financial strength and the Canada Life proforma LICAT ratio was stable over 2022.

For a further description of accounting policies, including future accounting standard changes, refer to note 2 of the Company's annual consolidated financial statements for the period ended December 31, 2023.

Other Changes in Accounting Policies

The Company adopted the amendments to IFRS for IAS 1, *Presentation of Financial Statements*, IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and IAS 12, *Income Taxes* effective January 1, 2023. The adoption of these amendments did not have a material impact on the Company's financial statements.

The Company adopted the amendments to IFRS for IAS 12, *Income Taxes* effective May 2023 and has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD).

For additional detail, refer to notes 2 and 3 of the Company's annual consolidated financial statements for the period ended December 31, 2023.

New Standard	Summary of Future Changes
IFRS 16 – *Leases*	In September 2022, the IASB published ***Lease Liability in a Sale and Leaseback***, amendments to IFRS 16, Leases. The amendments clarify that in a sale and leaseback transaction, the seller-lessee cannot recognize a gain or loss on the subsequent measurement of the lease liability related to the right of use it retains. These amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Company does not anticipate a significant impact on its consolidated financial statements as a result of these amendments.
IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*	In May 2023, the IASB published amendments to IAS 7, ***Statement of Cash Flows*** and IFRS 7, ***Financial Instruments: Disclosures***. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. These amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Company does not anticipate a significant impact on its consolidated financial statements as a result of these amendments.

Other Information

Non-GAAP Financial Measures and Ratios

Non-GAAP Financial Measures

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

Base earnings (loss)

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

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

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

The definition of base earnings (loss) has been refined (in 2023 and applied to 2022 comparative results) to also exclude the following impacts that are included in IFRS reported net earnings for an improved representation of the Company's underlying business performance, as well as for consistency and comparability with financial services industry peers:

- Realized gains (losses) on the sale of assets measured at fair value through other comprehensive income (FVOCI);
- The direct equity and interest rate impacts on the measurement of surplus assets and liabilities; and
- Amortization of acquisition related finite life intangible assets.

Lifeco

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings	$ 971	$ 950	$ 894	$ 3,667	$ 3,318
Items excluded from Lifeco base earnings					
Market experience relative to expectations (pre-tax)	$ (351)	$ 191	$ (393)	$ (461)	$ 851
Income tax (expense) benefit	138	(38)	7	154	(321)
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	—	—	(158)	—
Income tax (expense) benefit	—	—	—	37	—
Assumption changes and management actions (pre-tax)[1]	(28)	(125)	(21)	(149)	39
Income tax (expense) benefit[1]	111	19	16	129	8
Business transformation impacts (pre-tax)[1,2,3]	(137)	(33)	(73)	(340)	(271)
Income tax (expense) benefit[1,2,3]	70	8	12	118	67
Amortization of acquisition-related finite life intangibles (pre-tax)[2]	(42)	(48)	(36)	(182)	(167)
Income tax (expense) benefit[2]	11	12	9	47	41
Tax legislative changes impact (pre-tax)[2]	—	—	—	—	—
Income tax (expense) benefit[2]	—	—	63	—	63
Total pre-tax items excluded from base earnings[3]	$ (558)	$ (15)	$ (523)	$ (1,290)	$ 452
Impact of items excluded from base earnings on income taxes[3]	330	1	107	485	(142)
Net earnings from continuing operations	$ 743	$ 936	$ 478	$ 2,862	$ 3,628
Net earnings (loss) from discontinued operations (post-tax)[2]	(3)	(31)	(26)	(124)	(32)
Net earnings - common shareholders	$ 740	$ 905	$ 452	$ 2,738	$ 3,596

1 Following internal reviews, the mapping of certain assumption changes and management actions and business transformation impacts has been modified to reflect current presentation and comparative results for the periods ended December 31, 2022 have been restated, as applicable.

2 Included in other non-market related impacts.

3 Comparative results are restated to reclassify divestiture costs related to the sale of Putnam Investments to net earnings (loss) from discontinued operations (post-tax).

Canada

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings	$ 301	$ 296	$ 260	$ 1,158	$ 1,164
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	$ (162)	$ 204	$ 78	$ (197)	$ 241
Income tax (expense) benefit	48	(57)	(17)	58	(105)
Assumption changes and management actions (pre-tax)	(22)	(34)	(37)	(52)	85
Income tax (expense) benefit	5	10	10	14	2
Business transformation impacts (pre-tax)[1]	(5)	(1)	—	(9)	—
Income tax (expense) benefit[1]	2	—	—	3	—
Amortization of acquisition-related finite life intangibles (pre-tax)[1]	(2)	(6)	(7)	(20)	(26)
Income tax (expense) benefit[1]	1	2	2	6	7
Tax legislative changes impact (pre-tax)[1]	—	—	—	—	—
Income tax (expense) benefit[1]	—	—	63	—	63
Net earnings - common shareholders	$ 166	$ 414	$ 352	$ 961	$ 1,431

1 Included in other non-market related impacts.

United States

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings	$ 261	$ 262	$ 215	$ 1,006	$ 737
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	$ (13)	$ 27	$ —	$ 5	$ (25)
Income tax (expense) benefit	4	(5)	—	(1)	3
Business transformation impacts (pre-tax)[1,2]	(52)	(18)	(43)	(191)	(226)
Income tax (expense) benefit[1,2]	20	5	11	54	66
Amortization of acquisition-related finite life intangibles (pre-tax)[1]	(35)	(36)	(21)	(140)	(122)
Income tax (expense) benefit[1]	9	9	6	36	31
Net earnings from continuing operations	$ 194	$ 244	$ 168	$ 769	$ 464
Net earnings (loss) from discontinued operations (post-tax)[2]	(3)	(31)	(26)	(124)	(32)
Net earnings - common shareholders	$ 191	$ 213	$ 142	$ 645	$ 432

1 Included in other non-market related impacts.

2 Comparative results of are restated to reclassify divestiture costs related to the sale of Putnam Investments to net earnings (loss) from discontinued operations (post-tax).

Europe

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings	$ 213	$ 206	$ 256	$ 777	$ 845
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	$ (114)	$ (152)	$ (268)	$ (321)	$ 560
Income tax (expense) benefit	54	24	6	78	(128)
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	—	—	(158)	—
Income tax (expense) benefit	—	—	—	37	—
Assumption changes and management actions (pre-tax)[1]	(6)	(45)	11	(46)	(16)
Income tax (expense) benefit[1]	106	8	6	113	1
Business transformation impacts (pre-tax)[1,2]	(80)	(14)	(30)	(140)	(45)
Income tax (expense) benefit[1,2]	48	3	1	61	1
Amortization of acquisition-related finite life intangibles (pre-tax)[2]	(5)	(6)	(8)	(22)	(19)
Income tax (expense) benefit[2]	1	1	1	5	3
Net earnings (loss) - common shareholders	$ 217	$ 25	$ (25)	$ 384	$ 1,202

1 Following internal reviews, the mapping of certain assumption changes and management actions and business transformation impacts has been modified to reflect current presentation and comparative results for the periods ended December 31, 2022 have been restated, as applicable.

2 Included in other non-market related impacts.

Capital and Risk Solutions

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings	$ 236	$ 198	$ 181	$ 794	$ 598
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	$ (50)	$ 112	$ (201)	$ 75	$ 54
Income tax (expense) benefit	29	—	18	13	(85)
Assumption changes and management actions (pre-tax)	—	(46)	5	(51)	(30)
Income tax (expense) benefit	—	1	—	2	5
Net earnings - common shareholders	$ 215	$ 265	$ 3	$ 833	$ 542

Lifeco Corporate

	For the three months ended			For the twelve months ended	
	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)	**Dec. 31 2023**	Dec. 31 2022 (Restated)
Base earnings (loss)	$ (40)	$ (12)	$ (18)	$ (68)	$ (26)
Items excluded from base earnings (loss)					
Market experience relative to expectations (pre-tax)	$ (12)	$ —	$ (2)	$ (23)	$ 21
Income tax (expense) benefit	3	—	—	6	(6)
Net earnings (loss) - common shareholders	$ (49)	$ (12)	$ (20)	$ (85)	$ (11)

Base earnings - insurance service result

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

Base earnings - net investment result

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

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

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

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

Lifeco

	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)
Total assets per financial statements[1]	$ 713,230	$ 680,010	$ 672,206
Continuing operations - other AUM	220,578	199,821	182,288
Discontinued operations - other AUM	161,566	153,026	149,446
Total AUM[1]	$ 1,095,374	$ 1,032,857	$ 1,003,940
Other AUA	1,757,166	1,595,507	1,464,523
Total AUA[1]	$ 2,852,540	$ 2,628,364	$ 2,468,463

[1] Figures include assets held for sale and other AUM related to the discontinued operations of Putnam Investments.

Canada

	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)
Canada wealth fee business AUA			
Segregated fund assets	$ 101,250	$ 95,229	$ 93,816
Other AUM	13,056	7,460	4,057
Wealth fee business other AUA	53,490	25,559	23,975
Total Canada wealth fee business AUA	$ 167,796	$ 128,248	$ 121,848
Add: Other balance sheet assets	$ 102,534	$ 96,608	$ 96,433
Add: Other AUA	2,145	2,200	2,369
Consolidated Canada balance sheet assets	$ 203,784	$ 191,837	$ 190,249
Consolidated Canada other AUM	13,056	7,460	4,057
Consolidated Canada other AUA	55,635	27,759	26,344
Total Canada AUA	$ 272,475	$ 227,056	$ 220,650

United States

	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)
Empower AUA			
General account	$ 88,487	$ 92,440	99,839
Segregated funds	175,499	167,055	166,274
Other AUM	100,806	94,171	84,653
Other AUA	1,689,455	1,556,169	1,426,834
Empower AUA	$ 2,054,247	$ 1,909,835	$ 1,777,600
PanAgora - other AUM	$ 43,190	$ 41,890	$ 43,039
Discontinued operations - other AUM	194,145	184,428	179,324
Subtotal	$ 2,291,582	$ 2,136,153	$ 1,999,963
Add: Other AUM consolidated adjustment	$ (32,579)	$ (31,402)	$ (29,878)
Add: Other balance sheet assets	41,844	37,453	30,088
Consolidated United States balance sheet assets	$ 305,829	$ 296,948	$ 296,201
Consolidated United States other AUM	305,563	289,087	277,138
Consolidated United States other AUA	1,689,455	1,556,169	1,426,834
Total United States AUA	$ 2,300,847	$ 2,142,204	$ 2,000,173

Europe

	Dec. 31 2023	Sept. 30 2023	Dec. 31 2022 (Restated)
Europe wealth and investment only AUA			
Segregated fund assets	$ 141,936	$ 133,838	$ 127,792
Other AUM	63,525	56,300	50,539
Other AUA	12,076	11,579	11,345
Total Europe wealth and investment only AUA	$ 217,537	$ 201,717	$ 189,676
Add: Other balance sheet assets	$ 52,593	$ 48,904	$ 48,989
Consolidated Europe balance sheet assets	$ 194,529	$ 182,742	$ 176,781
Consolidated Europe other AUM	63,525	56,300	50,539
Consolidated Europe other AUA	12,076	11,579	11,345
Total Europe AUA	$ 270,130	$ 250,621	$ 238,665

Non-GAAP Ratios

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

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

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

Glossary

- **Assumption changes and management actions** - The net earnings impact of: (i) revisions to the methodologies and assumptions used in the measurement of the Company’s assets, insurance contract liabilities and investment contract liabilities, and (ii) actions taken by management in the current reporting period which include, but are not limited to, changes in in-force product features (including prices), and new or revised reinsurance deals on in-force business. Assumption changes and management actions are excluded from base earnings.
- **Business transformation impacts** - Business transformation impacts include acquisition and divestiture costs as well as restructuring and integration costs.
- **Book value per common share** - Measure is calculated by dividing Lifeco's common shareholders' equity by the number of common shares outstanding at the end of the period.
- **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.

- **Group life and health book premiums** - For group life and health insurance, this measure represents the value of in-force premiums at the end of the reporting period.

- **Impact of currency movement (constant currency basis) -** Items impacting the Company's Consolidated Statements of Earnings, such as income and benefits and expenses and net earnings, are translated into Canadian dollars at an average rate for the period. These measures highlight the impact of changes in currency translation rates on Canadian dollar equivalent IFRS results and have been calculated using the average rates, as shown below, in effect at the date of the comparative period. These measures provide useful information as it facilitates the comparability of results between periods.

	Period ended	
	December 31, 2023	December 31, 2022
United States dollar	1.36	1.36
British pound	1.69	1.59
Euro	1.47	1.39

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

- **Net cash flows and net flows** - Indicator of the Company's ability to attract and retain business. Net cash flows and net asset flows are measured by the following:
  - Canada wealth management net cash flows include cash inflows and outflows related to segregated fund assets and proprietary and non-proprietary mutual funds.
  - Europe wealth and investment only net cash flows include cash inflows and outflows related to segregated fund assets, proprietary mutual funds and institutional assets as well as other assets under administration.
  - Empower net cash flows include cash inflows and outflows related to segregated fund assets, general fund assets, proprietary and non-proprietary mutual funds as well as other assets under management.
  - PanAgora net flows include institutional sales and redemptions.

- **Net earnings from continuing operations** - Defined as net earnings - common shareholders less net earnings (loss) from discontinued operations. The discontinued operations represent the results of Putnam Investments. On January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton".

- **Office of the Superintendent of Financial Institutions Canada (OSFI)** - Is an independent Canadian federal government agency that regulates and supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting their requirements.

- **Other assets under administration** - Includes assets where the Company only provides administration services for which the Company earns fees and other income. These assets are beneficially owned by the clients and the Company does not direct the investing activities. Services provided relating to assets under administration include recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.

- **Other assets under management** - Includes external client funds where the Company has oversight of the investment policies. Services provided in respect of proprietary mutual funds and institutional assets include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients.

- **Price/book value ratio** - The Company's closing share price divided by its book value per share.
- **Price/earnings ratio** - The Company's closing share price divided by its net earnings per share on a trailing four quarter basis.
- **Return on equity (ROE) - continuing operations** - Net earnings from continuing operations for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Sales** - Sales are measured according to product type:
  - For risk-based insurance and annuity products, sales include 100% of single premium and annualized premiums expected in the first twelve months of the plan.
  - Group insurance and ASO sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies.
  - For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds.
  - For group wealth management products, sales include assets transferred from previous plan providers and the expected annual contributions from the new plan.
- **Segmented common shareholders' equity** - The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for Empower and Putnam, it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

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

Selected Annual Information

Selected annual information (in $ millions, except per share amounts)	**IFRS 17 / 9 Presentation**		**IFRS 4 / IAS 39 Presentation**
	Years ended December 31		
	2023	2022 (Restated)	2021
Total revenue[1]	$ 41,629	$ 1,384	$ 64,417
Earnings			
Base earnings[2]	3,667	3,318	3,260
Net earnings from continuing operations	2,862	3,628	3,128
Net earnings - Common Shareholders	2,738	3,596	3,128
Earnings per common share			
Basic - base earnings[3]	3.94	3.56	3.51
Basic - net earnings from continuing operations	3.07	3.89	3.37
Basic - net earnings	2.94	3.86	3.37
Diluted - base earnings[3]	3.93	3.56	3.50
Diluted - net earnings from continuing operations	3.07	3.89	3.36
Diluted - net earnings	2.93	3.86	3.36
Total assets under administration			
Total assets	$ 713,230	$ 672,206	$ 630,488
Continuing operations - other assets under management[4]	220,578	182,288	377,155
Discontinued operations - other assets under management[4]	161,566	149,446	—
Total assets under management[2]	1,095,374	1,003,940	1,007,643
Other assets under administration[4]	1,757,166	1,464,523	1,283,949
Total assets under administration[2]	$ 2,852,540	$ 2,468,463	$ 2,291,592
Total liabilities	$ 683,379	$ 643,411	$ 600,005
Dividends paid per share			
Series F First Preferred[5]	—	—	1.4750
Series G First Preferred	1.3000	1.3000	1.3000
Series H First Preferred	1.21252	1.21252	1.21252
Series I First Preferred	1.1250	1.1250	1.1250
Series L First Preferred	1.41250	1.41250	1.41250
Series M First Preferred	1.450	1.450	1.450
Series N First Preferred[6]	0.437252	0.437252	0.437252
Series P First Preferred	1.350	1.350	1.350
Series Q First Preferred	1.2875	1.2875	1.2875
Series R First Preferred	1.200	1.200	1.200
Series S First Preferred	1.312500	1.312500	1.312500
Series T First Preferred	1.2875	1.2875	1.2875
Series Y First Preferred[7]	1.1250	1.1250	0.2589
Common	2.080	1.960	1.804

1 Total revenue excludes revenue from discontinued operations related to Putnam Investments for the periods presented under IFRS 17 and 9. 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 On December 31, 2021, Lifeco redeemed all of its outstanding 5.90% Non-Cumulative First Preferred Shares, Series F, at a redemption price of $25.00 per share plus an amount equal to all declared and unpaid dividends, less any tax required to be deducted and withheld by Lifeco.

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

7 On October 8, 2021, the Company issued 8,000,000, 4.50% Non-Cumulative First Preferred Shares, Series Y. Please refer to the "Lifeco Capital Structure" section of this document for additional details on the issuance.

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, 2023 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, 2023, 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, 2023 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.

Limitation on Disclosure Controls and Procedures & Internal Control Over Financial Reporting

As permitted by securities legislation, for the period ended December 31, 2023, the Company's management has limited the scope of its design of the Company's disclosure controls and procedures and the Company's internal control over financial reporting to exclude controls, policies and procedures of IPC, which the Company acquired on November 30, 2023.

During the year ended December 31, 2023, the acquired IPC had revenue of $29 million and net earnings of $1 million post-tax. The initial amounts assigned to the assets acquired and goodwill on November 30, 2023 and reported as at December 31, 2023 were $927 million. The initial amounts assigned to the liabilities assumed on November 30, 2023 and reported as at December 31, 2023 were $342 million with the final valuation of the assets acquired and liabilities assumed expected to occur by the end of the fourth quarter of 2024.

Transactions with Related Parties

Relationship with Power Corporation Group of Companies

Lifeco's controlling shareholder is Power Financial Corporation (Power Financial), which is controlled by Power Corporation of Canada (Power Corporation) and, ultimately, by the Desmarais Family Residuary Trust. Power Corporation also controls IGM Financial Inc. and its subsidiaries (IGM), Sagard Holdings Inc. (Sagard), a multi-strategy alternative asset manager, as well as Portag3 Ventures II Limited Partnership (Portag3), which invests in the FinTech sector and in which both Lifeco and IGM are investors. 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, Portag3 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.

On November 30, 2023, Canada Life completed the previously announced acquisition of IPC, a leading independent wealth management firm, from IGM. Canada Life acquired IPC for a total purchase consideration of $585 million. Transaction and integration costs of $25 million pre-tax are expected over 18 months after the deal is closed. IGM is an affiliated company and a member of the Power Corporation group of companies. Therefore, the transaction was reviewed and approved by the Conduct Review Committee of each of the Company and Canada Life.

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 and information technology services. Canada Life also provided life insurance, annuity and disability insurance products under a distribution agreement with IGM. In addition, Canada Life provided distribution services to IGM. All transactions were provided at market terms and conditions.

The Company owns 9,200,448 shares, held through Canada Life, representing a 3.86% ownership interest in IGM. The Company uses the equity method to account for its investment in IGM as it exercises significant influence. In 2023, the Company recognized $33 million for the equity method share of IGM net earnings and received dividends of $21 million from its investment in IGM.

Segregated funds of the Company were invested in funds managed by IG Wealth Management and Mackenzie Investments. Mackenzie Investments also manages certain of the Company's portfolio investments. The Company also has interests in mutual funds, open-ended investment companies and unit trusts. Some of these funds are sub-advised by related parties of the Company, who are paid sub-advisory fees related to these services. During 2022, the Company and its subsidiaries made additional investments in funds managed by related parties. All transactions were provided at market terms and conditions.

At December 31, 2023, the Company held $88 million ($85 million in 2022) of debentures issued by IGM.

On July 6, 2023, Sagard Holdings Inc. (Sagard), a wholly-owned subsidiary of Power Corporation, announced that the relationship between the Company and Sagard had expanded, both in terms of the Company's minority interest in Sagard and commitments into certain Sagard strategies. The increase in the minority interest in Sagard is immaterial to the Company and commitment to certain Sagard strategies has increased to approximately U.S. $700 million.

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.

There were no material loans or guarantees issued to or from related parties during 2023 or 2022. There were no significant outstanding loans or guarantees with related parties at December 31, 2023 or December 31, 2022. There were no provisions for uncollectible amounts with related parties at December 31, 2023 or December 31, 2022.

Quarterly Financial Information

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

	2023				2022 (Restated)			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue[1]	$ 20,205	$ 3,374	$ 5,940	$ 12,110	$ 10,250	$ 556	$ (5,581)	$ (3,841)
Net earnings from continuing operations[2]								
Total	$ 743	$ 936	$ 569	$ 614	$ 478	$ 986	$ 830	$ 1,334
Basic - per share	0.80	1.01	0.61	0.66	0.51	1.06	0.89	1.43
Diluted - per share	0.79	1.00	0.61	0.66	0.51	1.06	0.89	1.43
Net earnings - Common Shareholders								
Total	$ 740	$ 905	$ 498	$ 595	$ 452	$ 987	$ 823	$ 1,334
Basic - per share	0.79	0.97	0.53	0.64	0.48	1.06	0.88	1.43
Diluted - per share	0.79	0.97	0.53	0.64	0.48	1.06	0.88	1.43

1 Total revenue excludes 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.

Lifeco's consolidated net earnings attributable to common shareholders were $740 million for the fourth quarter of 2023 compared to $452 million for the same quarter last year. On a per share basis, this represents $0.79 per common share ($0.79 diluted) for the fourth quarter of 2023 compared to $0.48 per common share ($0.48 diluted) a year ago.

Total revenue for the fourth quarter of 2023 was $20,205 million and comprises insurance revenue of $5,174 million ($5,442 million for the same quarter last year), net investment income of $2,431 million ($2,085 million for the same quarter last year), a change in fair value through profit or loss on investment assets of positive $11,042 million (change of positive $1,351 million for the same quarter last year) and fee and other income of $1,558 million ($1,372 million for the same quarter last year).

Translation of Foreign Currency

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

Period ended	**Dec. 31 2023**	Sept. 30 2023	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	June 30 2022	Mar. 31 2022
United States dollar								
Balance sheet	$ 1.33	$ 1.36	$ 1.32	$ 1.35	$ 1.35	$ 1.38	$ 1.29	$ 1.25
Income and expenses	$ 1.36	$ 1.34	$ 1.34	$ 1.35	$ 1.36	$ 1.31	$ 1.28	$ 1.27
British pound								
Balance sheet	$ 1.69	$ 1.66	$ 1.68	$ 1.67	$ 1.64	$ 1.54	$ 1.57	$ 1.64
Income and expenses	$ 1.69	$ 1.70	$ 1.68	$ 1.64	$ 1.59	$ 1.54	$ 1.60	$ 1.70
Euro								
Balance sheet	$ 1.46	$ 1.44	$ 1.45	$ 1.47	$ 1.45	$ 1.35	$ 1.35	$ 1.38
Income and expenses	$ 1.47	$ 1.46	$ 1.46	$ 1.45	$ 1.39	$ 1.31	$ 1.36	$ 1.42

Additional Information

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

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