



POWER CORPORATION
OF CANADA

A Century Stronger

ANNUAL
MANAGEMENT'S
DISCUSSION
AND ANALYSIS

MARCH 18, 2026

CONSOLIDATED
FINANCIAL
STATEMENTS
AND NOTES

FOR THE YEAR ENDED
DECEMBER 31, 2025

Power Corporation of Canada

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This document contains management's discussion and analysis of the financial condition, financial performance and cash flows of Power Corporation of Canada (the Corporation) for the twelve-month and three-month periods ended December 31, 2025 and the audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2025. This document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada and is available under the Corporation's profile on SEDAR+, at www.sedarplus.ca.

Power Corporation of Canada

PART A

Great-West Lifeco Inc.

PART B

IGM Financial Inc.

PART C

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Power Corporation of Canada

PART A

Management's Discussion and Analysis

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POWER CORPORATION OF CANADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Abbreviations used throughout this Management's Discussion and Analysis (MD&A) are defined in the section "Abbreviations".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' current expectations as disclosed in their respective MD&A. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries including the outlook for North American and international economies for the current fiscal year and subsequent periods, the Corporation's NCIB commenced in 2026, statements concerning deferred taxes, the fintech strategy, fundraising activities and investment strategies of the investment platforms, capital commitments by the Power group and third parties, the expected timing and impact of SHMI's investment in Unigestion, GBL's strategy to simplify its portfolio and expected impact of its partial divestment of GBL Capital's portfolio, and of its sale of Sienna Gestion, Sienna Private Credit and Sienna Real Estate, GBL's expected dividend, the expected impacts of GBL's and Baird's investment in SHMI, and the Corporation's subsidiaries' disclosed expectations including Lifeco's NCIB and the Corporation's participation therein, and its business transformation and other costs. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, fluctuations in interest rates, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government administrations, regulation, legislation and policies, changes in tax laws, the impacts of trade relations, ongoing trade tensions and fiscal policy developments, geopolitical tensions and related economic impacts, unexpected judicial or regulatory proceedings, catastrophic events, man-made disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors, as well as the risks referenced in the section entitled "Risk Management" herein and in the section entitled "Risk Factors" of the Corporation's most recent Annual Information Form, and with respect to forward-looking statements of the Corporation's subsidiaries disclosed in this MD&A, the factors identified by such subsidiaries in their respective MD&A.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, and that strategic transactions, acquisitions, divestitures or other growth or optimization strategies will be completed on expected terms, including that any required approvals will be received when and on such terms as are expected, as well as other considerations that are believed to be appropriate in the circumstances. Other considerations also include the availability of cash to complete purchases under the NCIB, that the list of risks and uncertainties in the previous paragraph, collectively, are not expected to have a material impact on the Corporation, and with respect to forward-looking statements of the Corporation's subsidiaries disclosed in this MD&A, that the risks identified by such subsidiaries in their respective MD&A and Annual Information Form are not expected to have a material impact on the Corporation. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including this MD&A and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedarplus.ca.

STATEMENT REGARDING NON-IFRS FINANCIAL MEASURES AND OTHER MEASURES

This MD&A contains financial measures (including ratios) that do not have a standard meaning under International Financial Reporting Standards (IFRS) Accounting Standards. Terms by which non-IFRS financial measures are identified include, but are not limited to, "adjusted net earnings from continuing operations (adjusted net earnings)", "adjusted net earnings from continuing operations per share (adjusted net earnings per share)", "adjusted net asset value", "adjusted net asset value per share", "consolidated assets under management and advisement", "consolidated assets and assets under administration" and "fee-related earnings". Management uses these financial measures in its presentation and analysis of the financial performance, financial condition and cash flows of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. These non-IFRS financial measures may not be comparable to similar measures used by other entities. Refer to the section "Non-IFRS Financial Measures" in this MD&A for the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS as well as additional details on each measure. Reconciliations of the adjusted net asset value and the holding company balance sheet are also included in the section "Adjusted Net Asset Value".

Adjusted net earnings from continuing operations (or adjusted net earnings) represents net earnings from continuing operations excluding Adjustments.

In the first quarter of 2025, the Corporation enhanced the disclosure of the components of consolidated assets and assets under administration to provide greater visibility of the assets managed within the Corporation's consolidated businesses. The comparative periods have been restated to conform with the current presentation.

This MD&A also includes other measures used to discuss activities of the Corporation, its consolidated publicly traded operating companies and alternative asset investment platforms including, but not limited to, "assets under management", "assets under administration", "assets under management and advisement", "assets under management and advisement including strategic investments", "book value per participating share", "capital commitments", "carried interest", "fee-bearing capital", "market capitalization", "net asset value", "net carried interest", "unfunded commitments" and "weighted average management fee rate". In addition, the presentation of the holding company is used to present and analyze the financial position and cash flows of Power Corporation as a holding company. Refer to the section "Other Measures" in this MD&A for a definition of each measure.

MARCH 18, 2026

ALL TABULAR AMOUNTS ARE IN MILLIONS OF CANADIAN DOLLARS, UNLESS OTHERWISE NOTED.

The following MD&A of Power Corporation of Canada (Power Corporation or the Corporation) (TSX: POW; POW.PR.E), a public corporation, is for the three-month and twelve-month periods ended December 31, 2025. This MD&A should be read in conjunction with the audited consolidated financial statements of Power Corporation and notes thereto for the twelve-month period ended December 31, 2025 (the 2025 Consolidated Financial Statements). Additional information relating to Power Corporation, including its Annual Information Form, may be found on the Corporation's website at www.powercorporation.com and on SEDAR+ at www.sedarplus.ca.

ORGANIZATION OF THE MD&A

The Corporation's MD&A consists of three parts:

- Part A – Power Corporation, presented on a consolidated basis, and including a discussion of the contribution to the holding company from Lifeco, IGM, GBL, and its alternative asset investment platforms and other investments;
- Part B – Lifeco's annual MD&A, as prepared and disclosed by Lifeco in accordance with applicable securities legislation, which is also available either directly from SEDAR+ (www.sedarplus.ca) or from Lifeco's website (www.greatwestlifeco.com);
- Part C – IGM's annual MD&A, as prepared and disclosed by IGM in accordance with applicable securities legislation, which is also available either directly from SEDAR+ (www.sedarplus.ca) or from IGM's website (www.igmfinancial.com).

Lifeco (TSX: GWO) and IGM (TSX: IGM) are public companies listed on the Toronto Stock Exchange. GBL is a public company listed on the Brussels Stock Exchange (EBR: GBLB). Market capitalizations reported in the following sections are at December 31, 2025 (refer to the section "Other Measures").

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POWER CORPORATION OF CANADA

OVERVIEW

Incorporated in 1925, Power Corporation (TSX: POW; POW.PR.E) is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms. Through Power Financial, it holds a controlling interest in Lifeco and IGM and has an active fintech strategy. It also holds, jointly with the Frère Group of Belgium, a controlling interest in GBL.

Power Corporation conducts its investment activities, built upon a network of deep and long-standing relationships, to provide superior returns. Investment activities include investments in alternative asset managers, Sagard and Power Sustainable, investment funds, and interests in China resulting from more than 40 years of engagement. The Corporation aims to act as an owner with a long-term perspective and a strategic vision anchored in strong core values.

Power Corporation adheres to four overriding investing principles to pursue its objective of achieving sustainable long-term value creation in the best interests of the Corporation:

- Long-term perspective;
- Leading franchises with attractive growth profiles;
- Strong governance oversight; and
- Prudent approach to risk management.

VALUE CREATION STRATEGY

Power Corporation's value creation strategy is focused on financial services, designed to generate long-term sustainable growth in earnings and dividends, and is based upon three key levers:

- Operating company organic levers: organic growth strategies at the publicly traded operating companies;
- Operating company inorganic levers: deployment and redeployment of capital; and
- Power Corporation levers: actions that can be taken at the Corporation and between the Corporation and its publicly traded operating companies and investments.

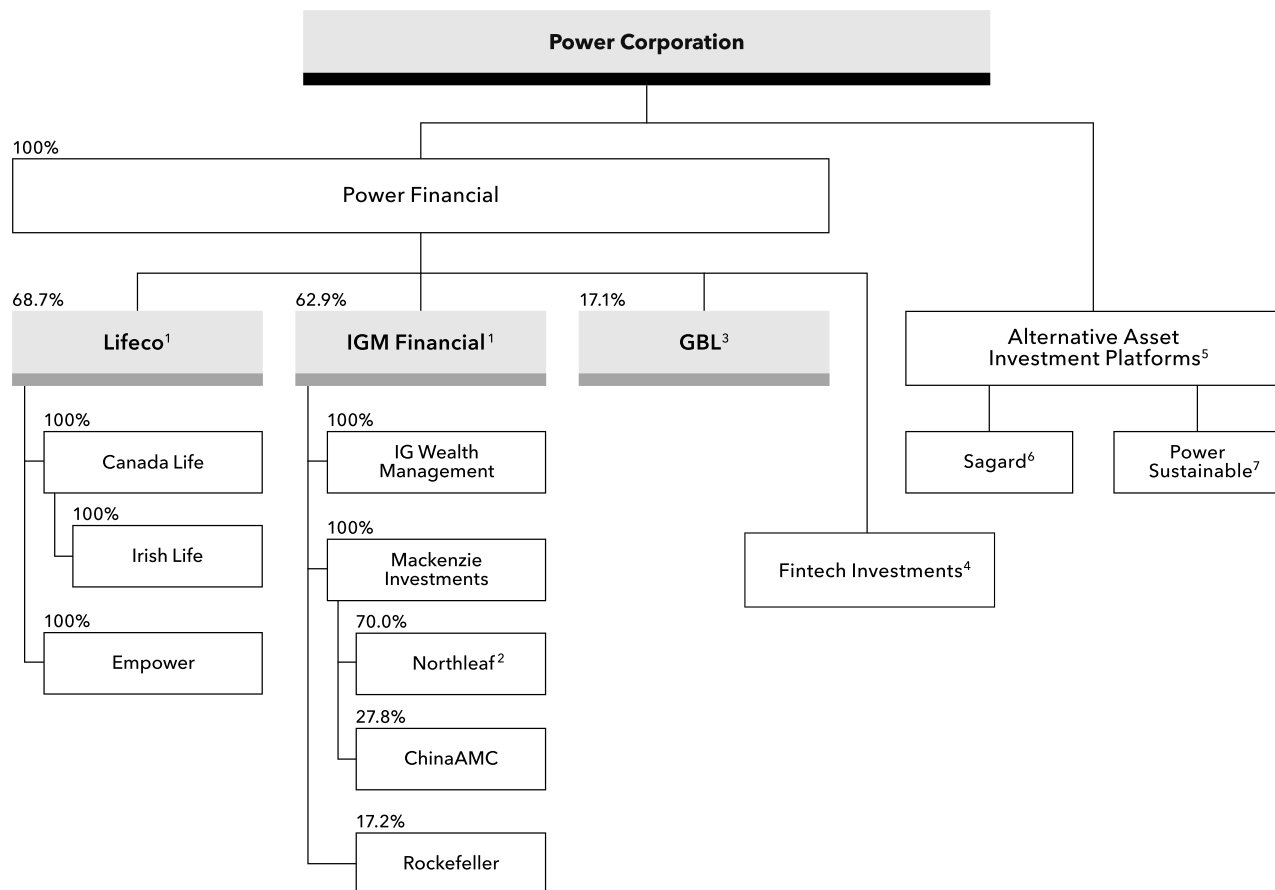
Power Corporation, through its alternative asset investment platforms, continues to develop its alternative asset management businesses which build upon the investment capabilities that have been created over many years in several high-growth asset classes. The alternative asset investment platforms are focused on growing their asset management businesses through raising third-party capital and the Corporation intends to continue to provide proprietary capital to the different investment products managed by each.

Key franchises and business activities across the group

GREAT-WEST LIFECO		IGM Financial		GBL		Alternative Asset Investment Platforms and Other	
Retirement Solutions	  	Wealth Management	 Strategic Investments:  	Investment Holding	Listed Assets Direct Private Assets Indirect Private Assets	Wealth Management	
Wealth Management							
Asset Management		Asset Management	 Strategic Investments:  			Asset Management	 
Group Benefits							
Insurance & Risk Solutions							

GROUP STRUCTURE

The following chart reflects the economic interests held by the Corporation at December 31, 2025, which include the operating subsidiaries (Lifeco and IGM) and its interest in GBL, held through Power Financial, and interests held through the Corporation's alternative asset investment platforms.



In bold: Publicly listed holdings

¹ Lifeco, through Canada Life, held a 3.9% interest in IGM, and IGM held a 2.4% interest in Lifeco.

² Represents a 49.9% non-controlling voting interest. The interest in Northleaf is held through an acquisition vehicle in which Mackenzie held an 80% equity interest and Lifeco held a 20% equity interest.

³ Held through Parjointco, a jointly controlled corporation (50%). Parjointco held a 47.8% voting interest in GBL. Refer to the section "GBL" for a list of investments.

⁴ Includes a controlling interest in the Portage Ventures Funds and Wealthsimple, held through Power Financial, Lifeco and IGM.

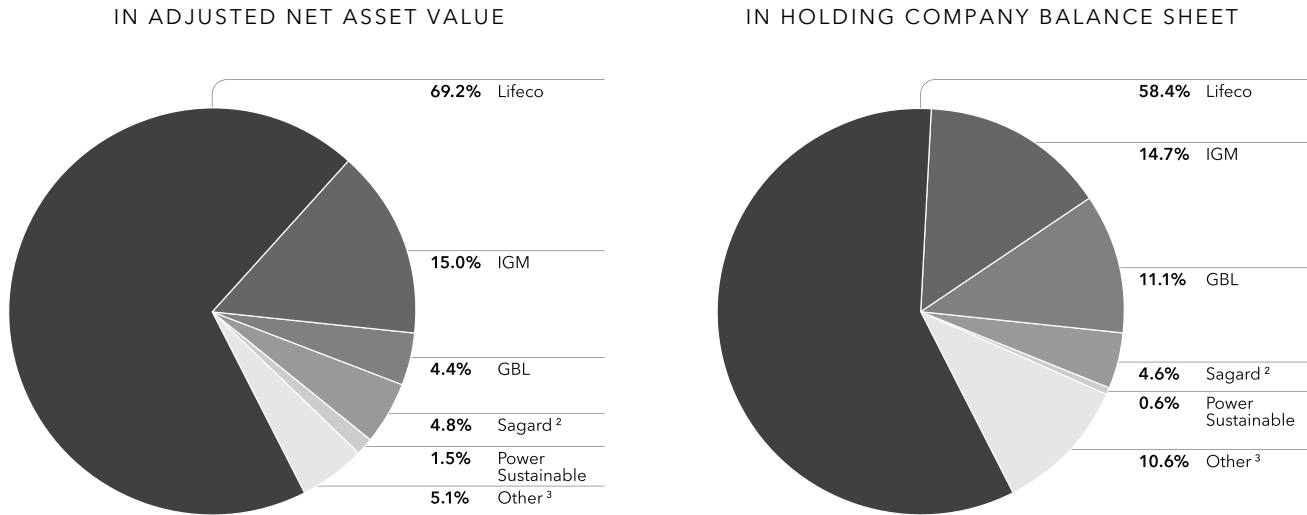
⁵ Refer to the section "Sagard and Power Sustainable" for a list of investments held by each investment platform.

⁶ The Corporation held a 44.2% interest in SHMI, and Lifeco and GBL held interests of 11.0% and 4.9%, respectively. Refer to the section "Sagard and Power Sustainable".

⁷ The Corporation held a 73.0% interest in PSM, and Lifeco held a 20.4% interest. Refer to the section "Sagard and Power Sustainable".

As a holding company, the Corporation uses adjusted net asset value¹, which presents the fair value of the participating shareholders' equity of the holding company, to assess the value, composition and size of its investment holdings. The charts below present the composition and relative size of investment holdings within the Power group, as well as show the composition of the assets included in the adjusted net asset value and the holding company balance sheet, which are discussed in detail later in this MD&A.

TOTAL HOLDING COMPANY ASSETS



1 Adjusted net asset value is a non-IFRS financial measure. Refer to the sections "Adjusted Net Asset Value" and "Non-IFRS Financial Measures".

2 Includes fintech investments held by the Corporation including investments in the Portage Ventures Funds, Portage Capital Solutions and Wealthsimple.

3 Includes the Corporation's cash and cash equivalents, other assets and investments held by the holding company and its investments in standalone businesses.

Publicly Traded Operating Companies

The Corporation holds controlling interests, through Power Financial, in Lifeco and IGM. It also has significant holdings in a portfolio of European-based global companies through its investment in GBL.

LIFECO

Great-West Lifeco Inc. (TSX: GWO), market capitalization of \$61.3 billion (refer to the section "Other Measures") at December 31, 2025, is a financial services holding company that provides wealth, retirement, group benefits and insurance and risk solutions to its over 40 million customer relationships. Lifeco operates in the United States (U.S.), Canada and Europe under the brands Empower, Canada Life and Irish Life.

At December 31, 2025, Power Financial and IGM held interests of 68.7% and 2.4%, respectively, in Lifeco's common shares, representing approximately 65% of the voting rights attached to all outstanding Lifeco voting shares. The *Insurance Companies Act* limits voting rights in life insurance companies to 65%.

IGM FINANCIAL

IGM Financial Inc. (TSX: IGM), market capitalization of \$14.5 billion at December 31, 2025, is a leading Canadian diversified wealth and asset management company supporting advisors and the clients they serve in Canada, and institutional investors globally. IGM provides a broad range of financial planning and investment management services to help approximately two million Canadians meet their financial goals. IGM's principal operating subsidiaries are wealth manager IG Wealth Management and asset manager Mackenzie Investments. IGM also holds a number of strategic investments that provide benefits to its operating subsidiaries while furthering IGM's growth prospects.

At December 31, 2025, Power Financial and Canada Life, a subsidiary of Lifeco, held interests of 62.9% and 3.9%, respectively, in IGM's common shares.

GBL

Power Financial Europe SA, a wholly owned subsidiary of Power Financial, and the Frère Group each hold a 50% interest in Parjointco. At December 31, 2025, Parjointco held a 34.2% indirect (47.8% of the voting rights) controlling interest in GBL, a Belgian holding company listed on the Brussels Stock Exchange.

GBL (EBR: GBLB), market capitalization of €10.1 billion at December 31, 2025, is an established investment holding company. As a leading and active investor in Europe, GBL is focused on long-term value creation with the support of a stable family shareholder base. GBL is focused on delivering meaningful growth by providing attractive returns to its shareholders through a combination of growth in its net asset value per share, a sustainable dividend and share buybacks.

Alternative Asset Investment Platforms

Power Corporation continues to develop alternative asset investment platforms (investment platforms) that manage portfolios in several alternative asset classes, principally in North America and Europe. The alternative asset investment platforms offer alternative strategies to traditional long-term investment strategies. Traditional long-term investment strategies generally invest in publicly traded shares and fixed income investments, whereas the alternative asset investment strategies include venture capital, private equity, private credit as well as real estate and infrastructure. At December 31, 2025, the alternative asset investment platforms had \$51.8 billion of assets under management, including unfunded commitments (refer to the section "Other Measures").

SAGARD

Sagard is a global multi-strategy alternative asset management firm active in venture capital, private equity, private credit and real estate. Sagard delivers flexible capital, an entrepreneurial culture, and a global network of investors, commercial partners, advisors, and value creation experts to its portfolio companies. Sagard also engages in private wealth management and holds strategic interests in other alternative asset management businesses. The firm has offices in Canada, the U.S., Europe and the Middle East. At December 31, 2025, Sagard had \$47.4 billion of assets under management, including unfunded commitments.

The asset management business of Sagard is consolidated under Sagard Holdings Management Inc. (SHMI). The Corporation held a 44.2% controlling interest in SHMI at December 31, 2025 (50.8% at December 31, 2024). Lifeco and GBL also held interests of 11.0% and 4.9%, respectively, in SHMI at December 31, 2025.

POWER SUSTAINABLE

Power Sustainable is a sustainability-focused investment manager with offices in Canada and the U.S. Power Sustainable finances companies and projects that aim for both competitive returns and positive sustainability outcomes, and offers institutional investors exposure to alternative assets which aim to accelerate and scale sustainable solutions across multiple industries. Power Sustainable invests in companies and projects that contribute to decarbonization, sustainable cities and communities and resource efficiency, which are priorities shared by its global network of clients, asset owners, partners and employees. Power Sustainable is currently comprised of four strategies: Power Sustainable Energy Infrastructure, Power Sustainable Infrastructure Credit, Power Sustainable Lios (agri-food private equity) and Power Sustainable Decarb Private Equity. At December 31, 2025, Power Sustainable had \$4.4 billion of assets under management, including unfunded commitments.

The asset management business of Power Sustainable is consolidated under Power Sustainable Manager Inc. (PSM). The Corporation held a 73.0% controlling interest in PSM at December 31, 2025 (74.7% at December 31, 2024). Lifeco also held an interest of 20.4% in PSM at December 31, 2025.

Standalone Businesses

The standalone businesses include the Corporation's controlling interest in LMPG.

TABLE OF HOLDINGS

At December 31, 2025, the Corporation's main holdings were as follows:

Holdings	% economic interest	Nature of investment	Accounting method
Publicly traded operating companies¹			
Lifeco ²	68.7	Controlling interest	Consolidation
IGM ³	62.9	Controlling interest	Consolidation
GBL ⁴	17.1	Joint control	Equity method
Alternative asset investment platforms			
Sagard			
SHMI ⁵	44.2	Controlling interest	Consolidation
BEX ⁶	45.0	Controlling interest	Consolidation
PEM ⁷	100.0	Controlling interest	Consolidation
HalseyPoint	40.0	Joint control	Equity method
Wealthsimple ¹⁸	13.9	Controlling interest	Consolidation
Portage Ventures I ⁹	63.0	Controlling interest	Consolidation
Portage Ventures II ¹⁰	12.4	Controlling interest	Consolidation
Portage Ventures III ¹¹	2.4	Controlling interest	Consolidation
Portage Ventures IV ¹²	4.8	Controlling interest	Consolidation
Portage Capital Solutions ¹³	29.2	Controlling interest	Consolidation
Sagard Funds ¹⁴	various	Investment	Fair value through profit or loss
Power Sustainable			
Power Sustainable Manager ¹⁵	73.0	Controlling interest	Consolidation
Power Sustainable Energy Infrastructure Partnership ¹⁶	28.3	Controlling interest	Consolidation
Potentia	100.0	Controlling interest	Consolidation
Nautilus	100.0	Controlling interest	Consolidation
Standalone businesses			
LMPG	49.6	Controlling interest	Consolidation

1 Investments held by the Corporation through Power Financial.

2 IGM also held a 2.4% interest in Lifeco.

3 Canada Life also held a 3.9% interest in IGM.

4 Held through Parjointco, a jointly controlled corporation (50%). Parjointco held a controlling interest in GBL.

5 Lifeco and GBL also held interests of 11.0% and 4.9%, respectively, in SHMI. At December 31, 2025, management of Sagard held a fully diluted interest of 17.4% in SHMI. SHMI also has a long-term incentive program pursuant to which certain key members of management have received, or will receive in the future, compensation in the form of equity of SHMI vesting over a 5-year period.

6 The Corporation, through Sagard U.K. Management Ltd., a wholly owned subsidiary of SHMI, currently has an exercisable option to buy an additional 5.1% equity interest in BEX.

7 In the third quarter of 2025, Sagard acquired the remaining interest of 62.0% in PEM.

8 Portage Ventures I and IGM also held interests of 9.6% and 28.9%, respectively, in Wealthsimple (see also the section "Wealthsimple" in the section "Sagard and Power Sustainable").

9 Lifeco and IGM also held equal interests of 18.5% in Portage Ventures I.

10 Power Financial held a 7.7% interest, Sagard held a 4.7% interest, and Lifeco and IGM also held equal interests of 7.7% in Portage Ventures II.

11 Lifeco and IGM also held interests of 9.0% and 4.0%, respectively, in Portage Ventures III.

12 Lifeco and IGM also held interests of 11.4% and 3.3%, respectively, in Portage Ventures IV.

13 Lifeco also held an interest of 27.9% in Portage Capital Solutions.

14 The Corporation held a non-controlling interest in various funds managed by SHMI. Lifeco and GBL also held investments in certain of these funds. Refer to the section "Asset Management Activities" in the section "Sagard and Power Sustainable" for a list of investments and the respective holdings.

15 At December 31, 2025, management of Power Sustainable held a 6.6% interest in PSM. Lifeco also held an interest of 20.4% in PSM. PSM also has a long-term incentive program pursuant to which certain key members of management may receive, in the future, compensation in the form of equity of PSM vesting over a 5-year period.

16 Lifeco also held a 12.9% interest in PSEIP.

FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION

(in millions of dollars; except per share and as otherwise noted)	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Net earnings ¹	408	703	933	2,572	2,743
Net earnings from continuing operations ¹	408	703	933	2,572	2,792
Adjusted net earnings from continuing operations ^{1 2}	867	863	829	3,400	2,971
Per share – basic ¹					
Net earnings	0.64	1.10	1.44	4.01	4.23
Net earnings from continuing operations	0.64	1.10	1.44	4.01	4.31
Adjusted net earnings from continuing operations ³	1.36	1.35	1.28	5.31	4.58
Dividend declared (per participating share)	0.6125	0.6125	0.5625	2.4500	2.2500
Dividend yield ⁴	3.4%	4.1%	5.0%		
Total consolidated assets (in billions)	926	917	851		
Total consolidated assets under management and advisement ² (in billions)	1,433	1,403	1,259		
Total consolidated assets and assets under administration ² (in billions)	3,971	3,946	3,599		
Adjusted net asset value ^{1 2}	54,526	46,206	38,974		
Participating shareholders' equity	23,082	23,501	22,930		
Per share ¹					
Adjusted net asset value ³	85.77	72.24	60.44		
Book value ⁵	36.31	36.74	35.56		
Market capitalization ⁶	46,377	38,518	28,913		
Share price (Subordinate Voting Shares)					
Ending	72.95	60.22	44.84	72.95	44.84
High	74.91	60.30	47.89	74.91	47.89
Low	58.97	52.06	42.23	41.88	35.83
Number of participating shares outstanding					
End of period	635.7	639.6	644.8	635.7	644.8
Average	637.2	641.1	645.6	640.9	648.1

1 Attributable to participating shareholders.

2 Non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures".

3 Non-IFRS ratio. Refer to the section "Non-IFRS Financial Measures".

4 Dividend yield is calculated as the annualized dividend per participating share based on the dividend declared during the reporting period divided by the share price of a Subordinate Voting Share at the end of the reporting period.

5 Refer to the section "Other Measures".

6 Represents the closing price of a Subordinate Voting Share at the end of the applicable reporting period multiplied by the aggregate of Subordinate Voting Shares and Participating Preferred Shares outstanding.

SUMMARY OF THE CONTRIBUTIONS TO POWER CORPORATION'S EARNINGS FROM CONTINUING OPERATIONS

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Lifeco ¹	856	842	760	3,191	2,858
IGM ¹	190	188	156	685	586
GBL	(15)	(11)	18	(38)	75
Effect of consolidation - Lifeco and IGM ²	(45)	(39)	(6)	(98)	(65)
Publicly traded operating companies	986	980	928	3,740	3,454
Sagard and Power Sustainable	5	(27)	(10)	105	(71)
Standalone businesses	(5)	(2)	(5)	(14)	(64)
Corporate operations and Other ³	986	951	913	3,831	3,319
	(119)	(88)	(84)	(431)	(348)
Adjusted net earnings^{4,5}	867	863	829	3,400	2,971
Adjustments ⁶	(459)	(160)	104	(828)	(179)
Net earnings⁴	408	703	933	2,572	2,792

1 Contribution based on earnings reported by Lifeco and IGM.

2 Refer to the detailed table in the section "Results of Power Corporation".

3 Includes the contribution to adjusted net earnings from the Corporation's other investment activities, as well as corporate operations, which includes operating expenses, financing charges, depreciation, income taxes, and dividends on non-participating and perpetual preferred shares. Refer to the section "Corporate operations and Other" below.

4 Attributable to participating shareholders.

5 Non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures".

6 Refer to the detailed table of Adjustments in the section "Review of Segments and Operating Results".

2025 SIGNIFICANT DEVELOPMENTS AND TRANSACTIONS

POWER CORPORATION

Leadership changes

In February 2026, subsequent to year-end, the Corporation announced that the current President and Chief Executive Officer (CEO), Mr. R. Jeffrey Orr will become Vice-Chair of the Corporation and will be succeeded as President and CEO by Mr. James O'Sullivan, currently President and CEO of IGM Financial, effective July 1, 2026. These leadership changes are part of a well-planned and robust succession planning process that provides continuity while building on the Power group's momentum.

Mr. Orr will stand for re-election to the Corporation's Board of directors at the Corporation's upcoming annual meeting of shareholders and is expected to continue to serve on the Boards of IGM, Lifeco and some of their subsidiaries. He is also expected to remain Chair of the Boards of IGM and Lifeco until June 30, 2026.

Return of capital to shareholders

In 2025, the Corporation continued to maintain a strong balance sheet and a prudent amount of available cash and cash equivalents. Total capital returned to participating shareholders in 2025 exceeded \$2.2 billion, including repurchases of its Subordinate Voting Shares under its NCIBs of \$711 million, at an average cost per share of \$57.43, and over \$1.5 billion in dividends paid to participating shareholders. On March 1, 2026, the Corporation renewed its current NCIB, which is effective until the earlier of February 28, 2027 or the date on which the Corporation has purchased the maximum amount of 20 million Subordinate Voting Shares.

HIGHLIGHTS AT THE PUBLICLY TRADED OPERATING COMPANIES

A number of strategic developments and transactions were completed throughout 2025, including:

Lifeco

Disclosure Enhancements: In early 2025, Lifeco updated its disclosures for 2025 to provide enhanced information for analysts, investors and other stakeholders and accordingly has restated the comparative results for 2024 to conform with the updated segment and line of business classifications as noted below. There was no change to total Lifeco adjusted net earnings or net earnings on a consolidated basis as a result of these reclassifications. For additional information, refer to the section "Summary of Earnings Reclassifications" in Part B of this MD&A. Amongst other enhancements, those related to Lifeco's segmented operating results include:

- **Separating Workplace Solutions** - Separated the Workplace Solutions line of business results into Retirement and Group Benefits to provide greater clarity on the distinct drivers of earnings growth for each business. Within the Group Benefits line of business, key metrics are presented by Lifeco separately for group insurance and administrative services only (ASO) products.
- **Reclassifying certain expenses, financing charges and related taxes** - Reclassified certain expenses, financing charges, and related taxes and other items that are not directly associated with Lifeco's operating segments to its Corporate segment. This change reflects the performance of each of Lifeco's operating segments on a standalone basis.
- **Reclassification of certain businesses or results previously attributed to the United States segment** - Reclassified results of PanAgora, Franklin Templeton shareholdings, legacy insurance portfolios and guaranteed lifetime withdrawal benefit (GLWB) product previously attributed to the United States segment to the Corporate segment. As a result of this change, Empower's results reflect the activities of its core businesses.
- **More granular assets under administration disclosures** - Enhanced disclosure of the components of total assets under administration including assets under management and advisement and assets under administration only, the total of which is total client assets. Total client assets, when combined with other balance sheet assets, equals total assets under administration. This change provides greater visibility into the scale of wealth management and higher value-added solutions within Lifeco's portfolio.
- **Lifeco's updated lines of business** - Previously referred to as value drivers, Lifeco focuses on four key lines of business that extend across its reportable operating segments.

Business Transformation and Other Costs: As previously announced, between 2025 to 2027, Lifeco plans to incur an estimated \$250 million to \$300 million of after-tax restructuring costs, through investment in modernized technology platforms, and retiring legacy systems as well as enhancing productivity through increased automation and leveraging a global workplace. These restructuring costs are a subset of business transformation and other costs excluded from Lifeco's adjusted net earnings. In the twelve-month period ended December 31, 2025, Lifeco incurred or provisioned for a net of \$260 million after tax of business transformation and other costs, of which \$73 million after tax was recorded in the fourth quarter of 2025.

Lifeco Normal Course Issuer Bid: Effective on September 5, 2025, Lifeco amended its 2025 NCIB to increase the maximum remaining number of common shares that may be repurchased from 20 million common shares to 40 million common shares. In addition, the TSX approved an amendment that permitted Lifeco to purchase its shares from Power Financial, a subsidiary of the Corporation, and certain of Power Financial's wholly owned subsidiaries in connection with the NCIB, in order for Power Financial to maintain its approximate proportionate percentage ownership in Lifeco. In the twelve-month period ended December 31, 2025, Lifeco repurchased and subsequently cancelled approximately 28.4 million common shares under its NCIB at an average cost per share of \$57.15, of which 12.8 million common shares for a total of \$768 million were repurchased from Power Financial.

On January 2, 2026, subsequent to year-end, Lifeco announced the renewal of its current NCIB commencing January 6, 2026 and terminating January 5, 2027 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices. The renewed NCIB continues to permit Lifeco to purchase its shares from Power Financial in order for Power Financial to maintain its approximate proportionate percentage ownership in Lifeco. For additional information, refer to the section "Consolidated Financial Position – Lifeco Capital Structure" in Part B of this MD&A.

IGM Financial

Rockefeller Capital Management: In December 2025, IGM closed transactions with Rockefeller, receiving total proceeds of \$394 million comprised primarily of a return of capital, as well as an equity sale. IGM's interest decreased from 20.5% to 17.2% due to the equity sale and adjustment to certain previously issued share-based awards which aligns Rockefeller's management with long-term equity ownership. As a result, the investment's carrying value decreased and a gain was recognized in the Consolidated Statements of Earnings, excluded from adjusted net earnings. IGM will continue to account for its investment in Rockefeller using the equity method.

GBL

Share repurchases: During 2025, GBL repurchased, directly and through its subsidiaries, 4.7 million shares of its own capital for a total consideration of €335 million. During the second quarter of 2025, GBL cancelled 5.2 million of its treasury shares.

PORTFOLIO SIMPLIFICATION

GBL is committed to its stated strategic priorities of (i) portfolio simplification, (ii) direct private investments and (iii) attractive shareholder returns. In 2025, GBL made progress in those strategic priorities:

- **Partial disposal of SGS:** In the first quarter of 2025, GBL completed the disposal of 8.5 million shares of SGS, reducing its interest from 19.1% at December 31, 2024 to 14.6% at March 31, 2025 (14.3% at December 31, 2025), for total proceeds of €0.8 billion, generating a capital gain for GBL of €0.2 billion (no impact on the net consolidated earnings in accordance with IFRS 9). Following the completion of the transaction, GBL is still the largest shareholder of SGS.
- **Investment in Affidea:** In October 2025, GBL invested an additional €150 million in Affidea, an investment originally acquired in 2022 that has since created significant value organically and through accretive investments.
- **GBL Capital portfolio divestments:** On November 3, 2025, GBL announced the monetization of a significant portion of assets from the GBL Capital portfolio. The sale of these assets, through multiple transactions, represents a net asset value of €2.0 billion¹ and is expected to generate total proceeds of €1.7 billion. In 2025, €1.0 billion was received and a deferred payment of €0.5 billion is to be received twelve months post-closing. The majority of the transactions closed in the fourth quarter of 2025; the transaction value of this portfolio was primarily reflected in the activities of GBL in the third quarter of 2025. GBL Capital also transferred €0.6 billion of unfunded commitments and will no longer make new commitments in this strategy.
- **Sienna Investment Managers:** On December 24, 2025, GBL announced the signing of the agreement to sell certain activities within Sienna Investment Managers, including the listed asset and private debt operations (Sienna Gestion and Sienna Private Credit, respectively), to Malakoff Humanis. The sale includes GBL's commitments (called and uncalled) in the funds managed by Sienna Gestion and Sienna Private Credit. Subsequent to year-end, GBL announced that it has entered an agreement to sell Sienna Real Estate. Together, these disposals represent a significant portion of the overall Sienna management business. The transactions are expected to close in 2026, subject to regulatory approvals.
- **Disposition of Umicore:** On November 18, 2025, GBL announced the disposition of 19.6 million shares of Umicore, reducing its interest from 15.9% at September 30, 2025 to 8.0% at December 31, 2025, for total proceeds of €0.3 billion. Subsequent to year end, on February 25, 2026, GBL announced the exit of its remaining position in Umicore in the context of portfolio simplification, aligned with its key strategic priorities. GBL disposed of its remaining 8.0% interest or 19.6 million shares for total proceeds of €0.3 billion. The investment in Umicore was classified as FVOCI in accordance with IFRS 9 and therefore these disposals have no impact on GBL's net consolidated earnings.
- **Dividend increase:** In March 2026, subsequent to year-end, GBL announced that it will propose a dividend of €5.125 per share for fiscal year 2025, an increase of 2.5%. The dividend is subject to approval at GBL's General Shareholders' Meeting in May 2026.

¹ As at December 31, 2024.

HIGHLIGHTS AT THE ALTERNATIVE ASSET INVESTMENT PLATFORMS

Fundraising

In 2025, the alternative asset investment platforms continued their fundraising efforts, raising total capital commitments (refer to the section “Other Measures”) of \$5.4 billion¹, including the following:

SAGARD

- **Portage Ventures IV:** In 2025, Sagard raised additional commitments of US\$95 million, increasing the total committed capital to US\$524 million at December 31, 2025.
- **PPCVI:** In January 2026, Portage, Sagard’s global fintech investment platform, closed a transaction to assume management of select assets from Point72 Ventures’ fintech portfolio. The assets were transferred to a US\$280 million continuation vehicle managed by an affiliate of Portage.
- **Sagard NewGen:** In 2025, Sagard launched its second fund, Sagard NewGen 2, in its European private equity investment strategy that supports entrepreneurs in the technology and healthcare industry, raising commitments of up to €220 million at December 31, 2025.
- **Sagard Private Equity:** In January 2025, Sagard announced the launch of its evergreen private equity investment fund for Canadian accredited investors, Sagard Private Equity Strategies. The fund had total subscriptions of \$71 million at December 31, 2025.
- **Sagard Credit Partners:** In 2025, Sagard launched its third credit fund, Sagard Credit Partners III, and commenced fundraising, raising total commitments of US\$624 million.
- **Performance Equity Management:** In 2025, Sagard’s subsidiary, PEM, operating as Sagard Private Equity Solutions since its rebranding in November 2025, raised over US\$0.9 billion in additional commitments across its strategies.

POWER SUSTAINABLE

- **Power Sustainable Decarbonization Private Equity:** In May 2025, Power Sustainable announced the launch of its fourth investment strategy, Power Sustainable Decarb PE, raising commitments of up to US\$330 million for the new middle-market private equity strategy.
- **Power Sustainable Infrastructure Credit:** In December 2025, Power Sustainable completed the final close of its first global infrastructure credit fund, raising additional commitments of US\$96 million in 2025, increasing the total committed capital of the strategy to US\$811 million.

Other Developments

SAGARD

INVESTMENTS IN SHMI

- **GBL investment in SHMI:** In March 2025, GBL, through GBL Capital, invested US\$33 million and acquired a 5% interest (on a fully diluted basis) in SHMI. GBL also agreed to make future commitments of €250 million over the following five years in Sagard-managed strategies. This partnership reinforces Sagard’s long-term growth strategy, strengthening its capital base as well as solidifying GBL’s relationship as an anchor limited partner (LP) in certain strategies.
- **Baird Financial Group (Baird) investment in SHMI:** On September 9, 2025, Sagard and Baird announced a multi-faceted strategic partnership expected to accelerate their U.S. wealth channel expansion. As part of the partnership, Baird invested US\$34 million and acquired a 5% interest (on a fully diluted basis) in SHMI, and Baird will facilitate the distribution of appropriate, differentiated Sagard strategies to its private wealth network clients, with joint efforts on product innovation, advisor engagement, and ecosystem-wide growth.

The Corporation remains the controlling shareholder of SHMI subsequent to these transactions and the transactions did not have a significant impact on the consolidated financial statements.

STRATEGIC PARTNERSHIPS BY SHMI

- **SHMI acquisition of BEX Capital SAS (BEX):** In June 2025, SHMI completed the previously announced transaction to acquire a strategic interest in BEX, a specialized secondaries investment firm with offices in Nice and New York. Sagard’s investment in BEX marks a significant step in its expansion into private equity secondaries. The agreement includes a path for Sagard to acquire all of the remaining equity of BEX on December 31, 2029. Upon closing of the transaction, the Corporation determined that it has control of BEX, through Sagard, in accordance with IFRS 10, *Consolidated Financial Statements*. As a result, the Corporation consolidated BEX on the date of acquisition. BEX had \$3.3 billion (US\$2.4 billion) of assets under management at December 31, 2025.

¹ Includes commitments from the Corporation, associated companies and third parties. Refer to the section “Sagard and Power Sustainable” in the section “Review of Segments and Operating Results”.

- **Additional investment in Performance Equity Management (PEM):** In August 2025, SHMI acquired an additional 62.0% interest in PEM, increasing its economic interest to 100%, primarily in exchange for Class B shares of PEM which are expected to be settled on December 31, 2028. The acquisition of the remaining economic interest in PEM will facilitate collaboration and integration within Sagard's growing strategy in private equity investment solutions. The Corporation continues to have control of PEM, through Sagard, in accordance with IFRS 10, *Consolidated Financial Statements*; the transaction did not have a significant impact on the financial statements. In November 2025, PEM announced that it had rebranded as Sagard Private Equity Solutions, marking the completion of its integration into Sagard's global middle-market private equity platform.
- **SHMI acquisition of Unigestion Private Equity Holding SA (Unigestion) private equity business:** On September 23, 2025, Sagard and Unigestion announced the combination of their middle-market private equity businesses, combining their private equity primaries, secondaries and co-investment activities. The new platform, Sagard Private Equity Solutions, which includes BEX and PEM (and excludes Sagard's direct private equity strategies), will manage over US\$23 billion¹ in private equity assets and will offer an enhanced geographical reach and product scope, delivering bespoke and scalable private equity solutions across primaries, secondaries and co-investments to institutional and high-net-worth investors. The transaction is expected to close in the second quarter of 2026, subject to regulatory approvals and customary closing conditions. The Corporation, through Sagard, expects to acquire 100% of the equity of Unigestion and as such consolidate the private equity activities of Unigestion subsequent to closing of the transaction.

FINTECH INVESTMENTS

WEALTHSIMPLE

On October 27, 2025, Wealthsimple announced that it had signed a \$750 million equity offering, consisting of a \$550 million primary offering, as well as a secondary offering. The fundraising round was led by GIC and Dragoneer Investment Group, and included participation from new and existing investors. On October 31, 2025, the primary offering closed and the Corporation, through Power Financial, and IGM each invested \$100 million. Following the transaction, the Power group's undiluted equity interest in Wealthsimple decreased to 52.4%, representing a voting interest of 57.5% and a fully diluted equity interest of 40.7% at December 31, 2025. The Corporation remains the controlling shareholder of Wealthsimple. A secondary transaction totalling \$190 million closed on December 19, 2025.

¹ As at June 30, 2025.

RESULTS OF POWER CORPORATION

This section presents:

- The “Consolidated Statements of Earnings in accordance with IFRS”; and
- The contributions to Power Corporation of its operating subsidiaries (Lifeco and IGM) and GBL, which are held through Power Financial, the contribution of the Corporation’s alternative asset investment platforms and standalone businesses, as well as the contribution from the corporate operations and other to the net earnings and adjusted net earnings of Power Corporation. A discussion of the contributions of each of the reportable segments and other components follows in the section “Review of Segments and Operating Results”.

Adjusted net earnings is a non-IFRS financial measure. Refer to the section “Non-IFRS Financial Measures” for a description and reconciliation of IFRS and non-IFRS financial measures.

BASIS OF PRESENTATION

IFRS Financial Measures and Presentation

The 2025 Consolidated Financial Statements of the Corporation have been prepared in accordance with IFRS, as issued by the IASB, and are presented in Canadian dollars.

The financial statements of the Corporation include the consolidated results of Power Financial which include the results of Lifeco, IGM, Wealthsimple and the Portage Ventures Funds, which are controlled by Power Financial. Power Financial’s investment in GBL is held through Parjointco. Parjointco is a holding company jointly controlled by Power Financial and the Frère Group, and is accounted for using the equity method.

The investment platforms manage and operate alternative asset investment funds in which third-party investors, the Corporation and associated companies can participate. The Corporation controls a fund when it is exposed, or has rights, to variable returns from its involvement with the fund and has the ability to affect those returns through its power to direct the relevant activities of the fund. Management of the Corporation determines whether the Corporation is a principal or an agent when the Corporation or its subsidiaries act as a fund manager and also invest in the fund. The Corporation determines that it is a principal when it has sufficient capital invested and exposure to variability of returns generated as a result of the decisions of the Corporation or its subsidiaries as a fund manager and considers the rights held by other investors, including their ability to remove the fund manager.

Presentation of the Holding Company

The Corporation’s reportable segments include Lifeco, IGM Financial and GBL, which represent the Corporation’s investments in publicly traded operating companies, as well as the holding company. These reportable segments, in addition to the asset management activities, reflect Power Corporation’s management structure and internal financial reporting. The Corporation evaluates its performance based on the operating segments’ contributions to earnings.

The holding company comprises the corporate activities of the Corporation and Power Financial, on a combined basis, and presents the investment activities of the Corporation. The investment activities of the holding company, including the investments in Lifeco, IGM and controlled entities within the alternative asset investment platforms, are presented using the equity method. The holding company activities present the holding company’s assets and liabilities, including cash, investments, debentures and non-participating shares. The discussions included in the sections “Financial Position” and “Cash Flows” present the segmented balance sheets and cash flow statements of the holding company, which are presented in Note 35 of the 2025 Consolidated Financial Statements, and reconciliations of these statements are provided throughout this MD&A.

CONSOLIDATED STATEMENTS OF EARNINGS IN ACCORDANCE WITH IFRS

Power Corporation's consolidated statements of earnings for the three months and twelve months ended December 31, 2025 are presented below. The Corporation's reportable segments include Lifeco, IGM and GBL, as well as the holding company. These tables reflect the contributions to the net earnings attributable to Power Corporation's participating shareholders from its reportable segments and Sagard and Power Sustainable, the Corporation's alternative asset investment platforms, which include controlled and consolidated investment funds and investments, and the Corporation's standalone businesses.

Consolidated Net Earnings - Three months ended

	Lifeco	IGM	GBL	Holding company	Alternative asset investment platforms and Other ¹	Effect of consolidation ²	Power Corporation Consolidated net earnings		
							December 31, 2025	September 30, 2025	December 31, 2024
Insurance service result									
Insurance revenue	5,690	–	–	–	–	–	5,690	5,594	5,399
Insurance service expenses	(4,403)	–	–	–	–	–	(4,403)	(4,245)	(4,145)
Net expense from reinsurance contracts	(423)	–	–	–	–	–	(423)	(471)	(415)
Total insurance service result	864	–	–	–	–	–	864	878	839
Net investment result									
Net investment income (loss) ³	2,594	9	–	5	306	(57)	2,857	4,573	45
Net investment result from insurance activities ⁴	(2,009)	–	–	–	–	–	(2,009)	(3,651)	988
Total net investment result	585	9	–	5	306	(57)	848	922	1,033
Fee income and other revenues	2,052	1,011	–	–	512	(74)	3,501	3,371	3,201
Operating and administrative expenses	(2,130)	(673)	–	(60)	(1,148)	94	(3,917)	(3,535)	(3,500)
Financing charges	(87)	(32)	–	(13)	(83)	1	(214)	(202)	(207)
Earnings before investments in jointly controlled corporations and associates, and income taxes	1,284	315	–	(68)	(413)	(36)	1,082	1,434	1,366
Share of earnings (losses) of investments in jointly controlled corporations and associates	12	116	(195)	–	177	(37)	73	66	261
Earnings before income taxes	1,296	431	(195)	(68)	(236)	(73)	1,155	1,500	1,627
Income tax expense (recovery)	158	106	–	–	(7)	7	264	305	197
Net earnings	1,138	325	(195)	(68)	(229)	(80)	891	1,195	1,430
Attributable to									
Non-controlling interests	489	134	–	35	(111)	(80)	467	479	484
Non-participating shareholders	–	–	–	16	–	–	16	13	13
Participating shareholders of Power Corporation ²	649	191	(195)	(119)	(118)	–	408	703	933
	1,138	325	(195)	(68)	(229)	(80)	891	1,195	1,430

1 Alternative asset investment platforms and Other is comprised of the Corporation's alternative asset investment platforms, which include consolidated investment funds, as well as the investment activities held through Power Financial including Portage Ventures I, Portage Ventures II and Wealthsimple, and the Corporation's standalone businesses.

2 The results presented for Lifeco and IGM are as reported by each. The Effect of consolidation includes the elimination of intercompany transactions and the application of the Corporation's accounting method for investments under common ownership. The contribution from Lifeco, IGM, GBL and Alternative asset investment platforms and Other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation, and represents the contribution to the holding company.

3 Includes net investment income and changes in FVPL included in the net investment result on the consolidated statements of earnings.

4 Includes net finance income (expenses) from insurance contracts, net finance income (expenses) from reinsurance contracts and changes in investment contract liabilities.

Consolidated Net Earnings - Twelve months ended

	Lifeco	IGM	GBL	Holding company	Alternative asset investment platforms and Other ¹	Effect of consolidation ²	Power Corporation Consolidated net earnings	
							December 31, 2025	December 31, 2024
Insurance service result								
Insurance revenue	22,321	–	–	–	–	–	22,321	21,214
Insurance service expenses	(17,239)	–	–	–	–	–	(17,239)	(16,368)
Net expense from reinsurance contracts	(1,703)	–	–	–	–	–	(1,703)	(1,599)
Total insurance service result	3,379	–	–	–	–	–	3,379	3,247
Net investment result								
Net investment income (loss) ³	13,705	42	–	34	1,160	(92)	14,849	12,237
Net investment result from insurance activities ⁴	(11,683)	–	–	–	–	–	(11,683)	(8,860)
Total net investment result	2,022	42	–	34	1,160	(92)	3,166	3,377
Fee income and other revenues	7,895	3,779	–	–	1,854	(232)	13,296	11,804
Operating and administrative expenses	(8,277)	(2,560)	–	(216)	(3,372)	247	(14,178)	(12,462)
Financing charges	(379)	(129)	–	(54)	(281)	(6)	(849)	(812)
Earnings before investments in jointly controlled corporations and associates, and income taxes	4,640	1,132	–	(236)	(639)	(83)	4,814	5,154
Share of earnings (losses) of investments in jointly controlled corporations and associates	55	309	(263)	–	482	(121)	462	376
Earnings before income taxes	4,695	1,441	(263)	(236)	(157)	(204)	5,276	5,530
Income tax expense (recovery)	534	334	–	1	8	1	878	929
Net earnings – continuing operations	4,161	1,107	(263)	(237)	(165)	(205)	4,398	4,601
Net loss – discontinued operations	–	–	–	–	–	–	–	(115)
Net gain – disposal of discontinued operations	–	–	–	–	–	–	–	44
Net earnings	4,161	1,107	(263)	(237)	(165)	(205)	4,398	4,530
Attributable to								
Non-controlling interests	1,540	449	–	139	(152)	(205)	1,771	1,735
Non-participating shareholders	–	–	–	55	–	–	55	52
Participating shareholders of Power Corporation ²	2,621	658	(263)	(431)	(13)	–	2,572	2,743
	4,161	1,107	(263)	(237)	(165)	(205)	4,398	4,530

1 Alternative asset investment platforms and Other is comprised of the Corporation's alternative asset investment platforms, which include consolidated investment funds, as well as the investment activities held through Power Financial including Portage Ventures I, Portage Ventures II and Wealthsimple, and the Corporation's standalone businesses.

2 The results presented for Lifeco and IGM are as reported by each. The Effect of consolidation includes the elimination of intercompany transactions and the application of the Corporation's accounting method for investments under common ownership. The contribution from Lifeco, IGM, GBL and Alternative asset investment platforms and Other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation, and represents the contribution to the holding company.

3 Includes net investment income and changes in FVPL included in the net investment result on the consolidated statements of earnings.

4 Includes net finance income (expenses) from insurance contracts, net finance income (expenses) from reinsurance contracts and changes in investment contract liabilities.

As a holding company, the Corporation evaluates the performance of each segment based on its contribution to net earnings and adjusted net earnings attributable to participating shareholders. A discussion of the results of Lifeco, IGM and GBL is provided in the section "Review of Segments and Operating Results" below.

CONTRIBUTION TO NET EARNINGS AND ADJUSTED NET EARNINGS

This section details the contribution to the net earnings and adjusted net earnings attributable to Power Corporation's participating shareholders from Lifeco, IGM, GBL and Sagard and Power Sustainable, the Corporation's alternative asset investment platforms, which include the contribution from controlled and consolidated investments, standalone businesses, and the corporate operations and other.

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Adjusted net earnings from continuing operations¹					
Lifeco ²	856	842	760	3,191	2,858
IGM ²	190	188	156	685	586
GBL	(15)	(11)	18	(38)	75
Effect of consolidation - Lifeco and IGM ³	(45)	(39)	(6)	(98)	(65)
	986	980	928	3,740	3,454
Sagard and Power Sustainable	5	(27)	(10)	105	(71)
Standalone businesses	(5)	(2)	(5)	(14)	(64)
Corporate operations and Other ⁴	(119)	(88)	(84)	(431)	(348)
	867	863	829	3,400	2,971
Adjustments⁵					
Lifeco ²	(135)	(47)	1	(473)	(123)
IGM ²	13	(2)	3	5	(3)
GBL	(180)	(67)	–	(225)	(44)
Effect of consolidation - Lifeco and IGM	(39)	(9)	1	(31)	(9)
	(341)	(125)	5	(724)	(179)
Sagard and Power Sustainable	(118)	(35)	(12)	(116)	(26)
Standalone businesses	–	–	111	12	26
	(459)	(160)	104	(828)	(179)
Net earnings from continuing operations⁶					
Lifeco ²	721	795	761	2,718	2,735
IGM ²	203	186	159	690	583
GBL ²	(195)	(78)	18	(263)	31
Effect of consolidation - Lifeco and IGM	(84)	(48)	(5)	(129)	(74)
	645	855	933	3,016	3,275
Sagard and Power Sustainable	(113)	(62)	(22)	(11)	(97)
Standalone businesses	(5)	(2)	106	(2)	(38)
Corporate operations and Other ⁴	(119)	(88)	(84)	(431)	(348)
	408	703	933	2,572	2,792
Net earnings (loss) from discontinued operations – Putnam	–	–	–	–	(49)
Net earnings⁶	408	703	933	2,572	2,743

1 Adjusted net earnings from continuing operations (adjusted net earnings) is a non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures". For a reconciliation of Lifeco, IGM, and Sagard and Power Sustainable's non-IFRS adjusted net earnings to their net earnings and the contribution to adjusted net earnings from GBL and standalone businesses, refer to the sections "Lifeco", "IGM Financial", "GBL", "Sagard and Power Sustainable" and "Standalone Businesses" in the section "Review of Segments and Operating Results" below which detail the contribution to net earnings and adjusted net earnings of each.

2 Contribution to net and adjusted net earnings based on earnings reported by Lifeco and IGM. Contribution to net earnings based on earnings reported by GBL.

3 See the table below for details on Effect of consolidation.

4 Includes the contribution to net earnings and adjusted net earnings from the Corporation's other investment activities, as well as corporate operations, which includes operating expenses, financing charges, depreciation, income taxes, and dividends on non-participating and perpetual preferred shares. Refer to the section "Corporate operations and Other" below.

5 See the section "Adjustments" below, including details on Effect of consolidation.

6 Attributable to participating shareholders.

Adjusted and Net Earnings Per Share

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Earnings per share - basic¹					
Adjusted net earnings from continuing operations	1.36	1.35	1.28	5.31	4.58
Adjustments	(0.72)	(0.25)	0.16	(1.30)	(0.27)
Net earnings from continuing operations	0.64	1.10	1.44	4.01	4.31
Net earnings (loss) from discontinued operations - Putnam	-	-	-	-	(0.08)
Net earnings	0.64	1.10	1.44	4.01	4.23

1 Attributable to participating shareholders.

EFFECT OF CONSOLIDATION

Effect of consolidation reflects:

- The elimination of intercompany transactions; and
- The application of the Corporation's accounting method for investments under common ownership to the reported net earnings of the publicly traded operating companies, which include:
 - i) An adjustment related to Lifeco's investment in PSEIP, PSM and SHMI; and
 - ii) An allocation of the results of the fintech portfolio, including Wealthsimple, the Portage Ventures Funds and Portage Capital Solutions, to the contributions from Lifeco and IGM based on their respective interest.

The following table summarizes the effect of consolidation on adjusted net earnings for Lifeco and IGM:

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Lifeco	(33)	(20)	(11)	(53)	(48)
IGM ¹	(12)	(19)	5	(45)	(17)
	(45)	(39)	(6)	(98)	(65)

1 The second and third quarters of 2025 include a charge of \$14 million and \$38 million, respectively, related to IGM's share of the carried interest payable due to the increase in fair value of the investment held in Wealthsimple through a limited partnership managed by Sagard (\$33 million in the twelve-month period ended December 31, 2024).

Q4 2025 vs. Q4 2024 and Q3 2025	2025 vs. 2024
Net earnings	
\$408 million or \$0.64 per share, compared with \$933 million or \$1.44 per share in the corresponding period in 2024, a decrease of 55.6% on a per share basis, and \$703 million or \$1.10 per share in the third quarter of 2025.	\$2,572 million or \$4.01 per share, compared with \$2,743 million or \$4.23 per share in the corresponding period in 2024, a decrease of 5.2% on a per share basis.
Net earnings from continuing operations	
\$408 million or \$0.64 per share, compared with \$933 million or \$1.44 per share in the corresponding period in 2024, a decrease of 55.6% on a per share basis, and \$703 million or \$1.10 per share in the third quarter of 2025.	\$2,572 million or \$4.01 per share, compared with \$2,792 million or \$4.31 per share in the corresponding period in 2024, a decrease of 7.0% on a per share basis.
Adjusted net earnings from continuing operations	
\$867 million or \$1.36 per share, compared with \$829 million or \$1.28 per share in the corresponding period in 2024, an increase of 6.3% on a per share basis, and \$863 million or \$1.35 per share in the third quarter of 2025.	\$3,400 million or \$5.31 per share, compared with \$2,971 million or \$4.58 per share in the corresponding period in 2024, an increase of 15.9% on a per share basis.
Contribution to net earnings and adjusted net earnings from continuing operations from Lifeco, IGM and GBL	
Contribution to net earnings from continuing operations of \$645 million, compared with \$933 million in the corresponding period in 2024, a decrease of 30.9%, and \$855 million in the third quarter of 2025.	Contribution to net earnings from continuing operations of \$3,016 million, compared with \$3,275 million in the corresponding period in 2024, a decrease of 7.9%.
Contribution to adjusted net earnings from continuing operations of \$986 million, compared with \$928 million in the corresponding period in 2024, an increase of 6.3%, and \$980 million in the third quarter of 2025.	Contribution to adjusted net earnings from continuing operations of \$3,740 million, compared with \$3,454 million in the corresponding period in 2024, an increase of 8.3%.

Main Drivers of Earnings

NET EARNINGS AND ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS

The Corporation's net earnings for the three-month period ended December 31, 2025 decreased by \$525 million or 56.3% and adjusted net earnings increased by \$38 million or 4.6% from the corresponding quarter in 2024:

- **Lifeco:** contribution to net earnings decreased by \$40 million or 5.3% and contribution to adjusted net earnings increased by \$96 million or 12.6%.
- **IGM:** contribution to net earnings and adjusted net earnings increased by \$44 million or 27.7% and by \$34 million or 21.8%, respectively.
- **GBL:** contribution to net earnings of negative \$195 million and to adjusted net earnings of negative \$15 million, compared with a contribution to net earnings and adjusted net earnings of positive \$18 million in the corresponding quarter in 2024.
- **Sagard and Power Sustainable:** net earnings (asset management and investing activities) include a positive contribution of \$26 million from Sagard and a negative contribution of \$139 million from Power Sustainable in the fourth quarter of 2025, compared with a positive contribution of \$49 million from Sagard and a negative contribution of \$71 million from Power Sustainable in the corresponding quarter in 2024. Adjusted net earnings (asset management and investing activities) include a positive contribution of \$26 million from Sagard and a negative contribution of \$21 million from Power Sustainable, compared with a positive contribution of \$33 million from Sagard and a negative contribution of \$43 million from Power Sustainable in the corresponding quarter in 2024.

The Corporation's net earnings for the twelve-month period ended December 31, 2025 decreased by \$220 million or 7.9% and adjusted net earnings increased by \$429 million or 14.4% from the corresponding period in 2024:

- **Lifeco:** contribution to net earnings decreased by \$17 million or 0.6% and contribution to adjusted net earnings increased by \$333 million or 11.7%.
- **IGM:** contribution to net earnings and adjusted net earnings increased by \$107 million or 18.4%, and by \$99 million or 16.9%, respectively.
- **GBL:** contribution to net earnings of negative \$263 million and to adjusted net earnings of negative \$38 million in the twelve-month period ended December 31, 2025, compared with a contribution to net earnings and adjusted net earnings of positive \$31 million and positive \$75 million, respectively, in the corresponding period in 2024.
- **Sagard and Power Sustainable:** net earnings (asset management and investing activities) include a positive contribution of \$158 million from Sagard and a negative contribution of \$169 million from Power Sustainable in the twelve-month period ended December 31, 2025, compared with a positive contribution of \$81 million from Sagard and a negative contribution of \$178 million from Power Sustainable in the corresponding period in 2024. Adjusted net earnings (asset management and investing activities) include a positive contribution of \$158 million from Sagard and a negative contribution of \$53 million from Power Sustainable, compared with a positive contribution of \$65 million from Sagard and a negative contribution of \$136 million from Power Sustainable in the corresponding period in 2024.

A discussion of the results of Lifeco, IGM, GBL and Sagard and Power Sustainable is provided in the sections "Lifeco", "IGM Financial", "GBL" and "Sagard and Power Sustainable" in the section "Review of Segments and Operating Results" below.

For additional discussion of the results of Lifeco and IGM, refer to Parts B and C, respectively, of this MD&A.

REVIEW OF SEGMENTS AND OPERATING RESULTS

PUBLICLY TRADED OPERATING COMPANIES

Lifeco

OVERVIEW OF THE BUSINESS

Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, wealth and asset management and reinsurance businesses. Lifeco operates primarily in the U.S., Canada and Europe under the brands Empower, Canada Life and Irish Life. For reporting purposes, Lifeco has four major reportable segments: the United States, Canada, Europe, and Capital and Risk Solutions. Lifeco focuses on four key lines of business that extend across its reportable operating segments: Retirement (serves the retirement needs of customers, primarily through employer plan sponsor-enabled relationships); Wealth (advice-enabled wealth management solutions for retail customers including retail savings and wealth products); Group Benefits (health and wellness benefits that are delivered at scale primarily through employer plan sponsor-enabled relationships including Group Life & Health); and Insurance & Risk Solutions (including life insurance, disability, and critical illness coverage for individuals, and payout annuities for individuals and pension plans as well as reinsurance).

The United States segment is operated by Empower, a leading provider of employer-sponsored retirement savings plans in the public/non-profit and corporate sectors. Empower consists of: Empower Workplace Solutions, which aligns with the Retirement line of business, offering saving, investing and advisory services through employer-sponsored plans; and Empower Personal Wealth, which aligns with the Wealth line of business, offering individual product solutions and providing retail wealth management products and services to individuals, including individual retirement accounts and after-tax investment accounts. The United States segment also includes an allocation of a portion of Lifeco's Corporate results and the results of Putnam, classified as discontinued operations in 2024.

The Canada segment is operated by Canada Life, offering a broad portfolio of financial and benefit plan solutions for individuals, families, businesses and organizations through four primary lines of business: Retirement, Wealth, Group Benefits and Insurance & Annuities and includes an allocation of a portion of Lifeco's Corporate results. Through the Retirement business unit, Lifeco provides retirement savings, income and annuity products and other speciality products to group clients in Canada. Through the Wealth business unit, Canada Life provides wealth savings and income products and services to individual customers. Through the Group Benefits business unit, Canada Life provides life, accidental death and dismemberment, critical illness, disability, health and dental protection and creditor insurance to group clients in Canada. The Insurance & Annuities business unit offers individual life, disability and critical illness insurance products and services, as well as individual life annuities to individual customers.

The Europe segment comprises four distinct lines of business: Retirement, Wealth, Group Benefits and Insurance & Annuities. The Europe segment 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 and includes an allocation of a portion of Lifeco's Corporate results. The Retirement business unit includes group pensions business in Ireland, and the Group Benefits business unit consists of group life and health insurance business in the U.K. and Ireland. The Wealth business unit consists of investment products offered in the U.K., pension, savings and investment products offered in Ireland and pension products offered in Germany. The Insurance & Annuities business unit 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.

The Capital and Risk Solutions segment includes Lifeco's reinsurance business under the Insurance & Risk Solutions line of business, which operates primarily in the U.S., Barbados, Bermuda and Ireland, and includes an allocation of a portion of Lifeco's Corporate results. 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. In June 2025, Lifeco announced that the Capital and Risk Solutions segment ceased new business for its U.S. traditional life mortality risk reinsurance line of business in order to increase focus on core markets of structured solutions, longevity reinsurance and catastrophe retrocession.

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

See Part B of this MD&A for additional information on Lifeco.

RESULTS

Contribution to Power Corporation

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Average direct ownership (%)	68.7	68.8	68.2	68.6	68.2
Contribution to earnings					
Net earnings from continuing operations	649	765	735	2,621	2,661
Adjusted net earnings from continuing operations	823	822	749	3,138	2,810
Dividend received				1,544	1,411
As at				December 31, 2025	December 31, 2024
Contribution to holding company balance sheets					
Investment in Lifeco, carrying value				17,237	17,108
% of total holding company assets				58.4	59.6
Investment in Lifeco, fair value				42,147	30,292
% of total holding company assets, at fair value				69.2	67.7

Reconciliation of contribution to net earnings and adjusted net earnings of Power Corporation

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Contribution to Power Corporation's:					
Adjusted net earnings from continuing operations					
As reported by Lifeco	856	842	760	3,191	2,858
Effect of consolidation ¹	(33)	(20)	(11)	(53)	(48)
	823	822	749	3,138	2,810
Adjustments					
As reported by Lifeco	(135)	(47)	1	(473)	(123)
Effect of consolidation ²	(39)	(10)	(15)	(44)	(26)
	(174)	(57)	(14)	(517)	(149)
Net earnings from continuing operations	649	765	735	2,621	2,661
Net earnings (loss) from discontinued operations - Putnam	-	-	-	-	(48)
Net earnings	649	765	735	2,621	2,613

1 The Effect of consolidation includes the elimination of intercompany transactions and the application of the Corporation's accounting method for investments under common ownership including an adjustment for Lifeco's investment in PSEIP, PSM and SHMI and an allocation of the results of the fintech portfolio.

2 Refer to the section "Adjustments" for details of Effect of consolidation.

Adjusted and net earnings per share as reported by Lifeco

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Adjusted net earnings from continuing operations ^{1 2}	1.36	1.33	1.20	5.03	4.50
Adjustments ³	(0.21)	(0.08)	-	(0.74)	(0.20)
Net earnings from continuing operations ¹	1.15	1.25	1.20	4.29	4.30
Net earnings ¹	1.15	1.25	1.20	4.29	4.23

1 Attributable to Lifeco common shareholders.

2 Defined as "base earnings per common share" by Lifeco, a non-IFRS ratio; refer to the section "Non-GAAP Financial Measures and Ratios" in Part B of this MD&A.

3 See the section "Adjustments" below.

Contribution to adjusted and net earnings by segments as reported by Lifeco

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024 (restated) ¹	December 31, 2025	December 31, 2024 (restated) ¹
Adjusted net earnings from continuing operations^{2,3}					
United States	440	436	381	1,582	1,408
Canada	400	371	362	1,462	1,418
Europe	256	266	260	1,023	946
Capital and Risk Solutions	258	265	232	965	856
Corporate	(109)	(113)	(120)	(383)	(436)
	1,245	1,225	1,115	4,649	4,192
Adjustments⁴					
Market experience relative to expectations ⁵	(61)	40	38	(216)	214
Assumption changes and management actions ⁵	(27)	(25)	16	(87)	(149)
Business transformation and other impacts	(73)	(56)	(30)	(260)	(112)
Amortization of acquisition-related finite life intangible assets	(36)	(37)	(37)	(148)	(148)
Tax legislative changes and other tax impacts	–	11	14	22	14
	(197)	(67)	1	(689)	(181)
Net earnings from continuing operations²					
United States	417	376	333	1,436	1,229
Canada	425	483	377	1,464	1,640
Europe	128	188	339	609	930
Capital and Risk Solutions	203	280	203	861	656
Corporate	(125)	(169)	(136)	(410)	(444)
Net earnings from continuing operations²	1,048	1,158	1,116	3,960	4,011
Net earnings (loss) from discontinued operations – Putnam	–	–	–	–	(115)
Net gain from disposal of discontinued operations – Putnam	–	–	–	–	44
Net earnings²	1,048	1,158	1,116	3,960	3,940

1 In the first quarter of 2025, Lifeco made disclosure enhancements to the segment and line of business classifications and has restated the comparative results for 2024 to conform with the current presentation. For additional information, refer to the section “Summary of Earnings Reclassifications” in Part B of this MD&A.

2 Attributable to Lifeco common shareholders.

3 Defined as “base earnings (loss)” by Lifeco, a non-IFRS financial measure; refer to Part B of this MD&A for additional details including a definition and reconciliation by segment.

4 See the section “Adjustments” below. Described as “items excluded from base earnings” by Lifeco; refer to Part B of this MD&A.

5 Refer to Part B of this MD&A for more details, including a definition of these Adjustments.

Q4 2025 vs. Q4 2024 and Q3 2025	2025 vs. 2024
Net earnings	
\$1,048 million or \$1.15 per share, compared with \$1,116 million or \$1.20 per share in the corresponding period in 2024, a decrease of 4.2% on a per share basis, and \$1,158 million or \$1.25 per share in the third quarter of 2025.	\$3,960 million or \$4.29 per share, compared with \$3,940 million or \$4.23 per share in the corresponding period in 2024, an increase of 1.4% on a per share basis.
Net earnings from continuing operations	
\$1,048 million or \$1.15 per share, compared with \$1,116 million or \$1.20 per share in the corresponding period in 2024, a decrease of 4.2% on a per share basis, and \$1,158 million or \$1.25 per share in the third quarter of 2025.	\$3,960 million or \$4.29 per share, compared with \$4,011 million or \$4.30 per share in the corresponding period in 2024, a decrease of 0.2% on a per share basis.
Adjusted net earnings from continuing operations	
\$1,245 million or \$1.36 per share, compared with \$1,115 million or \$1.20 per share in the corresponding period in 2024, an increase of 13.3% on a per share basis, and \$1,225 million or \$1.33 per share in the third quarter of 2025.	\$4,649 million or \$5.03 per share, compared with \$4,192 million or \$4.50 per share in the corresponding period in 2024, an increase of 11.8% on a per share basis.

UNITED STATES (CONTINUING OPERATIONS)

Net earnings from continuing operations in the three-month period ended December 31, 2025 increased by US\$63 million (C\$84 million) to US\$300 million (C\$417 million), compared with the corresponding quarter in 2024. Adjusted net earnings were US\$317 million (C\$440 million) in the three-month period ended December 31, 2025, an increase of US\$45 million (C\$59 million), compared with the corresponding quarter in 2024, primarily due to:

- Higher fee and spread income driven by higher asset levels from elevated equity markets and participant growth in both the Retirement and Wealth businesses; and
- Favourable tax adjustments in the Retirement business;
- Partially offset by an increase in operating expenses incurred to support the growth in both the Retirement and Wealth businesses.

Adjusted net earnings in the three-month period ended December 31, 2025 excluded Adjustments of negative US\$17 million (C\$23 million), compared with negative US\$35 million (C\$48 million) in the corresponding quarter in 2024. The decrease in negative Adjustments was primarily due to the non-recurrence of guarantee assessment fees associated with an acquired business in the fourth quarter of 2024 recognized in the Retirement business, as well as model refinement in the current year, which was recognized in both the Retirement and Wealth businesses. These increases were partially offset by general restructuring costs and higher integration expenses.

Net earnings from continuing operations in the twelve-month period ended December 31, 2025 increased by US\$135 million (C\$207 million) to US\$1,031 million (C\$1,436 million), compared with the corresponding period in 2024. Adjusted net earnings were US\$1,136 million (C\$1,582 million) in the twelve-month period ended December 31, 2025, an increase of US\$108 million (C\$174 million), compared with the corresponding period in 2024, primarily due to the same reasons explained in the three-month period above, partially offset by higher credit-related impacts on invested assets in both the Retirement and Wealth businesses.

Adjusted net earnings in the twelve-month period ended December 31, 2025 excluded Adjustments of negative US\$105 million (C\$146 million), compared with negative US\$132 million (C\$179 million) in the corresponding period in 2024. The decrease in negative adjustments was primarily due to:

- The non-recurrence of prior-year Prudential integration and restructuring expenses;
- Model refinement in the current year, which was recognized in both the Retirement and Wealth businesses; and
- Favourable tax adjustments recognized in the current year in the Retirement business;
- Partially offset by higher guarantee assessment fees in the current year compared with the prior year.

CANADA

Net earnings in the three-month period ended December 31, 2025 increased by \$48 million to \$425 million, compared with the corresponding quarter in 2024. Adjusted net earnings in the three-month period ended December 31, 2025 were \$400 million, an increase of \$38 million compared with the corresponding quarter in 2024, primarily due to:

- Favourable Group Benefits and Individual Insurance experience;
- Higher fee income due to higher assets resulting from market appreciation; and
- Changes in certain tax estimates;
- Partially offset by lower earnings on surplus from lower interest rates.

Adjusted net earnings in the three-month period ended December 31, 2025 excluded Adjustments of positive \$25 million, compared with Adjustments of positive \$15 million in the corresponding quarter in 2024, including market experience relative to expectations of positive \$30 million, compared with positive \$9 million in the corresponding quarter in 2024, primarily due to more favourable private equity performance and credit spread impact, partially offset by less favourable interest rate impacts.

Net earnings in the twelve-month period ended December 31, 2025 decreased by \$176 million to \$1,464 million, compared with the corresponding period in 2024. Adjusted net earnings in the twelve-month period ended December 31, 2025 were \$1,462 million, an increase of \$44 million compared with the corresponding period in 2024, primarily due to:

- Higher Group Benefits earnings from favourable long-term disability experience;
- Higher Retirement earnings from asset growth driven by market appreciation; and
- Changes in certain tax estimates;
- Partially offset by lower earnings on surplus from lower interest rates.

Adjusted net earnings in the twelve-month period ended December 31, 2025 excluded Adjustments of positive \$2 million, compared with Adjustments of positive \$222 million in the corresponding period in 2024, primarily due to:

- A restructuring provision recorded in the second quarter of 2025;
- Less favourable impact of assumption changes and management actions. For additional information, refer to the section "Assumption Changes and Management Actions" in Part B of this MD&A; and
- Less favourable interest rate and public equity impacts;
- Partially offset by improved credit spread and private equity performance.

EUROPE

Net earnings in the three-month period ended December 31, 2025 decreased by \$211 million to \$128 million, compared with the corresponding quarter in 2024. Adjusted net earnings in the three-month period ended December 31, 2025 were \$256 million, a decrease of \$4 million compared with the corresponding quarter in 2024, primarily due to:

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

Adjusted net earnings in the three-month period ended December 31, 2025 excluded Adjustments of negative \$128 million, compared with Adjustments of positive \$79 million in the corresponding quarter in 2024, primarily due to:

- Unfavourable impact of assumption changes and management actions. For additional information, refer to the section "Assumption Changes and Management Actions" in Part B of this MD&A;
- Unfavourable market experience relative to expectations compared with a positive impact in the prior year, primarily due to the impact of changes in risk-free interest rates; and
- Negative business transformation and other impacts, primarily due to higher restructuring costs.

Net earnings in the twelve-month period ended December 31, 2025 decreased by \$321 million to \$609 million, compared with the corresponding period in 2024. Adjusted net earnings in the twelve-month period ended December 31, 2025 were \$1,023 million, an increase of \$77 million compared with the corresponding period in 2024, primarily due to:

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

Adjusted net earnings in the twelve-month period ended December 31, 2025 excluded Adjustments of negative \$414 million, compared with Adjustments of negative \$16 million in the corresponding period in 2024, primarily due to:

- More unfavourable assumption changes and management actions. For additional information, refer to the section "Assumption Changes and Management Actions" in Part B of this MD&A;
- Unfavourable market experience relative to expectations compared with a positive impact in the prior year, primarily due to the impact of a reduction in credit spreads in the U.K. and from changes in risk-free interest rates; and
- Negative business transformation and other impacts, primarily due to higher restructuring costs.

CAPITAL AND RISK SOLUTIONS

Net earnings in the three-month period ended December 31, 2025 of \$203 million were comparable with the corresponding quarter in 2024. Adjusted net earnings in the three-month period ended December 31, 2025 were \$258 million, an increase of \$26 million compared with the corresponding quarter in 2024, primarily driven by Capital Solutions new business growth, and modest unfavourable insurance experience as a result of fourth quarter seasonality and the benefit of a diversified portfolio.

Adjusted net earnings in the three-month period ended December 31, 2025 excluded Adjustments of negative \$55 million, compared with Adjustments of negative \$29 million in the corresponding quarter in 2024, primarily due to a negative impact from a management action relating to an international legacy insurance portfolio, as well as the impact of interest rate and credit spread relative to expectations.

Net earnings in the twelve-month period ended December 31, 2025 increased by \$205 million to \$861 million, compared with the corresponding period in 2024. Adjusted net earnings in the twelve-month period ended December 31, 2025 were \$965 million, an increase of \$109 million compared with the corresponding period in 2024, primarily due to the same reasons explained in the three-month period above.

Adjusted net earnings in the twelve-month period ended December 31, 2025 excluded Adjustments of negative \$104 million, compared with Adjustments of negative \$200 million in the corresponding period in 2024, primarily due to the change in net impact of actuarial assumption updates, and the impact of interest rate and credit spread movements relative to expectations. For additional information, refer to the section "Assumption Changes and Management Actions" in Part B of this MD&A.

ADJUSTMENTS

Adjustments are items excluded from net earnings from continuing operations in the determination of adjusted net earnings by Lifeco's management. Refer to the further discussion above in each of Lifeco's operating segments.

In 2025, Adjustments with a net negative earnings impact of \$689 million after tax consist of:

- In the fourth quarter of 2025, Adjustments were a net negative impact of \$197 million, which consisted of business transformation and other impacts of negative \$73 million after tax (negative \$91 million pre-tax), market experience relative to expectations of negative \$61 million after tax (negative \$84 million pre-tax), amortization of acquisition-related finite life intangibles of negative \$36 million after tax (negative \$49 million pre-tax), and assumption changes and management actions of negative \$27 million after tax (negative \$28 million pre-tax).
- In the third quarter of 2025, Adjustments were a net negative impact of \$67 million, which consisted of business transformation and other impacts of negative \$56 million after tax (negative \$68 million pre-tax), amortization of acquisition-related finite life intangibles of negative \$37 million after tax (negative \$47 million pre-tax), and assumption changes and management actions of negative \$25 million after tax (negative \$25 million pre-tax), partially offset by market experience relative to expectations of positive \$40 million after tax (positive \$47 million pre-tax), and a positive impact from tax legislative changes and other tax impacts of \$11 million.
- In the second quarter of 2025, Adjustments were a net negative impact of \$255 million, which consisted of business transformation and other impacts¹ of negative \$121 million after tax (negative \$181 million pre-tax), market experience relative to expectations of negative \$104 million after tax (negative \$116 million pre-tax), amortization of acquisition-related finite life intangibles of negative \$38 million after tax (negative \$51 million pre-tax), and assumption changes and management actions of negative \$3 million after tax (negative \$5 million pre-tax), partially offset by a positive impact from tax legislative changes and other tax impacts of \$11 million.
- In the first quarter of 2025, Adjustments were a net negative impact of \$170 million, which consisted of market experience relative to expectations of negative \$91 million after tax (negative \$113 million pre-tax), amortization of acquisition-related finite life intangibles of negative \$37 million after tax (negative \$51 million pre-tax), assumption changes and management actions of negative \$32 million after tax (negative \$42 million pre-tax), and business transformation and other impacts of negative \$10 million after tax (negative \$13 million pre-tax).

In 2024, Adjustments with a net negative earnings impact of \$181 million after tax consisted of:

- In the fourth quarter of 2024, Adjustments were a net positive impact of \$1 million, which consisted of market experience relative to expectations of positive \$38 million after tax (positive \$59 million pre-tax), assumption changes and management actions of positive \$16 million after tax (positive \$21 million pre-tax), and a positive impact from tax legislative changes and other tax impacts of \$14 million, partially offset by amortization of acquisition-related finite life intangibles of negative \$37 million after tax (negative \$51 million pre-tax), and business transformation impacts of negative \$30 million after tax (negative \$34 million pre-tax).
- In the third quarter of 2024, Adjustments were a net negative impact of \$202 million, which consisted of assumption changes and management actions of negative \$203 million after tax (negative \$235 million pre-tax), amortization of acquisition-related finite life intangibles of negative \$36 million after tax (negative \$47 million pre-tax), and business transformation and other impacts of negative \$4 million after tax (negative \$7 million pre-tax), partially offset by market experience relative to expectations of positive \$41 million after tax (positive \$46 million pre-tax).
- In the second quarter of 2024, Adjustments were a net negative impact of \$33 million, which consisted of business transformation and other impacts of negative \$29 million after tax (negative \$35 million pre-tax), amortization of acquisition-related finite life intangibles of negative \$37 million after tax (negative \$52 million pre-tax), and a negative impact from tax legislative changes² of \$34 million, partially offset by assumption changes and management actions of positive \$39 million after tax (positive \$1 million pre-tax) and market experience relative to expectations of positive \$28 million after tax (positive \$45 million pre-tax).
- In the first quarter of 2024, Adjustments were a net positive impact of \$53 million, which consisted of market experience relative to expectations of positive \$107 million after tax (positive \$136 million pre-tax) and a positive impact from tax legislative changes and other tax impacts² of \$34 million, partially offset by assumption changes and management actions of negative \$1 million after tax (positive \$3 million pre-tax), business transformation and other impacts of negative \$49 million after tax (negative \$67 million pre-tax), and amortization of acquisition-related finite life intangibles of negative \$38 million after tax (negative \$50 million pre-tax).

The information above has been derived from Lifeco's annual MD&A; see Part B of this MD&A for additional information on Lifeco's annual results. Lifeco's most recent annual MD&A is available under its profile on SEDAR+ (www.sedarplus.ca).

¹ Includes the provision releases related to unclaimed deposits from current and former shareholders related to the 2003 acquisition of Canada Life Financial Corporation, recorded in the Corporate segment in the second quarter of 2025.

² The GMT legislation was enacted in Canada on June 20, 2024, retroactive to January 1, 2024. The negative impact recognized in the second quarter of 2024 included a \$34 million retroactive impact for the first quarter of 2024 as a result of Canada's enactment of legislation in the second quarter. The adjusted net earnings for the first quarter of 2024 have been presented on a pro forma basis as if the legislation had been enacted in the first quarter of 2024, reflecting the impact to adjusted net earnings of \$34 million. Refer to Part B of this MD&A for further details.

IGM Financial

OVERVIEW OF THE BUSINESS

IGM is a leading wealth and asset management company supporting advisors and the clients they serve in Canada, and institutional investors globally. IGM's core business is comprised of wealth manager IG Wealth Management and asset manager Mackenzie Investments. IGM also holds a number of strategic investments that provide benefits to the operating subsidiaries while furthering IGM's growth prospects. IGM has three reportable segments: Wealth Management, Asset Management, and Corporate and Other.

The Wealth Management segment reflects the activities of its core business and strategic investments that are principally focused on providing financial planning and related services to retail client households. This segment includes the activities of IG Wealth Management, a retail distribution organization that serves Canadian households through its investment dealer and other subsidiaries licensed to distribute financial products and services. IG Wealth Management provides clients with personalized advice, comprehensive financial planning, insurance and mortgage services and professionally managed investment solutions. IG Wealth Management distinguishes itself from its competition by offering comprehensive planning to its clients that synchronizes their financial lives. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services, as well as IGM's strategic investments in Rockefeller (classified as an investment in an associate) and Wealthsimple (classified by IGM as an investment at FVOCI).

The Asset Management segment reflects the activities of its core business and strategic investments primarily focused on providing investment management services. This segment includes the operations of Mackenzie Investments which provides investment management services to a suite of investment funds that are distributed through third-party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors. Mackenzie Investments is a diversified asset management solutions provider and provides investment management and related services with a wide range of investment mandates through a boutique structure and multiple distribution channels. Mackenzie seeks to be Canada's preferred global asset management solutions provider and business partner. This segment also includes IGM's strategic investments in ChinaAMC and Northleaf, which are classified as investments in associates.

The Corporate and Other segment primarily represents the investments made by IGM in Lifeco and the Portage Ventures Funds (refer to the section "Sagard and Power Sustainable"), IGM's unallocated capital, as well as consolidation elimination entries.

See Part C of this MD&A for additional information on IGM.

RESULTS

Contribution to Power Corporation

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Average direct ownership (%)	62.9	62.5	62.2	62.6	62.3
Contribution to earnings					
Net earnings from continuing operations	191	168	180	658	583
Adjusted net earnings from continuing operations	178	169	161	640	569
Dividend received				333	333
As at				December 31, 2025	December 31, 2024
Contribution to holding company balance sheets					
Investment in IGM, carrying value				4,337	4,094
% of total holding company assets				14.7	14.3
Investment in IGM, fair value				9,144	6,792
% of total holding company assets, at fair value				15.0	15.2

Reconciliation of contribution to net earnings and adjusted net earnings of Power Corporation

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Contribution to Power Corporation's					
Adjusted net earnings from continuing operations					
As reported by IGM ¹	190	188	156	685	586
Effect of consolidation ²	(12)	(19)	5	(45)	(17)
	178	169	161	640	569
Adjustments					
As reported by IGM	13	(2)	3	5	(3)
Effect of consolidation ³	–	1	16	13	17
	13	(1)	19	18	14
Net earnings from continuing operations	191	168	180	658	583
Net earnings (loss) from discontinued operations					
Effect of consolidation ⁴	–	–	–	–	(1)
Net earnings	191	168	180	658	582

1 Based on adjusted net earnings available to IGM common shareholders.

2 The Effect of consolidation includes the elimination of intercompany transactions and the application of the Corporation's accounting method for investments under common ownership including an allocation of the results of the fintech portfolio.

3 Refer to the section "Adjustments" for details of Effect of consolidation.

4 Represents IGM's share of the discontinued operations of Lifeco.

Adjusted and net earnings per share as reported by IGM

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Adjusted net earnings ^{1,2}	1.27	1.27	1.05	4.61	3.95
Adjustments ^{3,4}	0.09	(0.01)	0.02	0.03	(0.02)
Net earnings ^{1,5}	1.36	1.26	1.07	4.64	3.93

1 Available to IGM common shareholders.

2 Adjusted net earnings per share is a non-IFRS ratio; refer to the section "Non-IFRS Financial Measures and Other Financial Measures" in Part C of this MD&A.

3 See the section "Adjustments" below.

4 Described as "Other items" by IGM; refer to Part C of this MD&A.

5 Diluted earnings per share.

Contribution to adjusted net earnings by segments and net earnings as reported by IGM

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Wealth Management ¹	178	158	133	591	478
Asset Management ¹	88	110	87	377	350
Corporate and Other ¹	35	33	30	125	111
Adjusted net earnings ^{2,3}	301	301	250	1,093	939
Adjustments ^{3,4}	21	(3)	5	8	(5)
Net earnings ²	322	298	255	1,101	934

1 Debt and interest expense is allocated to each segment based on IGM's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced.

2 Available to IGM common shareholders.

3 Adjusted net earnings is a non-IFRS financial measure; refer to Part C of this MD&A for additional details including a definition and reconciliation. IGM does not allocate Adjustments to segments.

4 Described as "Other items" by IGM; refer to Part C of this MD&A.

Q4 2025 vs. Q4 2024 and Q3 2025	2025 vs 2024
Net earnings	
\$322 million or \$1.36 per share, compared with \$255 million or \$1.07 per share in the corresponding period in 2024, an increase of 27.1% on a per share basis, and \$298 million or \$1.26 per share in the third quarter of 2025.	\$1,101 million or \$4.64 per share, compared with \$934 million or \$3.93 per share in the corresponding period in 2024, an increase of 18.1% on a per share basis.
Adjusted net earnings	
\$301 million or \$1.27 per share, compared with \$250 million or \$1.05 per share in the corresponding period in 2024, an increase of 21.0% on a per share basis, and \$301 million or \$1.27 per share in the third quarter of 2025.	\$1,093 million or \$4.61 per share, compared with \$939 million or \$3.95 per share in the corresponding period in 2024, an increase of 16.7% on a per share basis.

Adjusted net earnings exclude Adjustments of a positive earnings impact of \$8 million in the twelve-month period ended December 31, 2025, which include a positive earnings impact of \$21 million in the fourth quarter, compared with Adjustments of a negative earnings impact of \$5 million in the corresponding twelve-month period in 2024. These Adjustments are not allocated to segments. The following is a summary of each segment's net earnings and adjusted net earnings:

WEALTH MANAGEMENT

Adjusted net earnings increased by \$45 million to \$178 million in the three-month period ended December 31, 2025, compared with the corresponding quarter in 2024. Adjusted net earnings of Wealth Management include a positive contribution from strategic investments of \$11 million, compared with a negative contribution of \$2 million in the corresponding quarter of 2024. The contribution to adjusted net earnings from IG Wealth Management increased by \$32 million to \$167 million, primarily due to:

- An increase in income from advisory fees of \$41 million to \$383 million, primarily due to the increase in average assets under advisement (AUA)¹ of 13.2%, partially offset by a decrease in the advisory fee rate. The average advisory fee rate for the three-month period was 96.3 basis points of average AUA, compared with 97.7 basis points in the corresponding quarter in 2024. Fee rates are determined based on client AUA levels and the average rate will fluctuate based on changes in a client's AUA as well as product mix;
- An increase in income from product and program fees of \$34 million to \$300 million, primarily due to the increase in average assets under management (AUM)¹ of 13.1%. The average product and program fee rate for the three-month period was 85.3 basis points of AUM, compared with 85.5 basis points in the corresponding quarter in 2024; and
- An increase in other financial planning revenues of \$11 million to \$53 million, primarily due to higher earnings from mortgage banking operations and higher revenues from the distribution of insurance products.

Partially offset by:

- An increase in advisory and business development expenses of \$33 million to \$307 million in the three-month period which includes compensation paid to advisors, the majority of which varies directly with asset or sales levels. Asset-based compensation increased by \$25 million to \$203 million, primarily due to an increase in AUA. Sales-based compensation payments are based upon the level of net new assets contributed to client accounts and are capitalized and amortized as they reflect incremental costs to obtain a client contract. Sales-based compensation increased by \$3 million to \$30 million. Other advisory and business development expenses increased by \$5 million to \$74 million in the three-month period, primarily due to higher compensation paid on the distribution of insurance products;
- An increase in sub-advisory expenses of \$7 million to \$57 million, primarily due to changes in AUM; and
- An increase in income taxes of \$11 million to \$61 million.

Adjusted net earnings increased by \$113 million to \$591 million in the twelve-month period ended December 31, 2025, compared with the corresponding period in 2024. Adjusted net earnings of Wealth Management include a positive contribution from strategic investments of \$9 million, compared with a negative contribution of \$12 million in the corresponding period in 2024. The contribution to adjusted net earnings from IG Wealth Management increased by \$92 million to \$582 million, primarily due to:

- An increase in income from advisory fees of \$145 million to \$1,440 million, primarily due to the increase in average AUA of 12.9%, partially offset by a decrease in the advisory fee rate and one less calendar day in the twelve-month period of 2025, compared with the same period in 2024. The average advisory fee rate for the twelve-month period was 97.3 basis points of average AUA, compared with 98.8 basis points in the corresponding period in 2024;
- An increase in income from product and program fees of \$118 million to \$1,113 million, primarily due to the increase in average AUM of 12.5%. The average product and program fee rate for the twelve-month period was 85.2 basis points of AUM, compared with 85.6 basis points in the corresponding period in 2024; and
- An increase in other financial planning revenues of \$25 million to \$180 million, primarily due to the same reasons explained in the three-month period above.

¹ Refer to the section "Other Measures".

Partially offset by:

- An increase in advisory and business development expenses of \$119 million to \$1,153 million in the twelve-month period. Asset-based compensation increased by \$97 million to \$762 million, primarily due to the same reason explained in the three-month period above. Sales-based compensation increased by \$10 million to \$115 million. Other advisory and business development expenses increased by \$12 million to \$276 million in the twelve-month period, primarily due to the same reason explained in the three-month period above;
- An increase in sub-advisory expenses of \$25 million to \$216 million, primarily due to the same reason explained in the three-month period above;
- An increase in operations and support expenses of \$13 million to \$475 million, which includes costs that support wealth management and other general and administrative functions such as product management, technology and operations, as well as other functional business units and corporate expenses;
- A decrease in net investment income and other of \$4 million to \$8 million. Net investment income and other consists of unrealized gains or losses on investments in proprietary funds, investment income earned on cash and cash equivalents and securities, and other income not related to IG Wealth Management's core business. It also includes a charge from the Corporate and Other segment for the use of unallocated capital; and
- An increase in income taxes of \$34 million to \$212 million.

ASSET MANAGEMENT

The Asset Management segment includes the fees received from IGM's investment funds, Wealth Management segment and third parties for investment management services.

Adjusted net earnings increased by \$1 million to \$88 million in the three-month period ended December 31, 2025, compared with the corresponding quarter in 2024. Adjusted net earnings of Asset Management includes a positive contribution of \$28 million from strategic investments, an increase of \$3 million compared with the corresponding quarter in 2024. The adjusted net earnings of Mackenzie decreased by \$2 million to \$60 million, primarily due to:

- An increase in expenses of \$12 million to \$134 million, primarily due to an increase in advisory and business development expenses of \$6 million and an increase in operations and support expenses of \$6 million compared with the corresponding quarter in 2024. The increase in advisory and business development expenses was primarily attributed to higher wholesaler commissions consistent with the increase in investment fund net sales. Operations and support expenses include costs associated with business operations, including technology and business processes, in-house investment management and product shelf management, corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses; and
- A decrease in net investment income and other of \$7 million to \$2 million. Net investment income and other primarily includes investment returns related to Mackenzie's investments in proprietary funds, which are generally made in the process of launching a fund and are sold as third-party investors subscribe.

Partially offset by:

- An increase in net asset management fees, which is asset management fees offset by dealer compensation expenses, of \$16 million to \$221 million. Net asset management fees - third party were \$185 million, an increase of \$12 million compared with the corresponding quarter in 2024, primarily due to an increase in the average AUM of 15.2%, partially offset by a decrease in the net asset management fee rate. Mackenzie's net asset management fee rate was 49.0 basis points for the three months ended December 31, 2025, compared with 52.8 basis points in the corresponding quarter in 2024. The decrease in rate was driven by a change in the composition of AUM, including the impact of having a greater share in non-retail-priced products. Asset management fees - Wealth Management were \$35 million, an increase of \$4 million from the corresponding quarter in 2024.

Adjusted net earnings increased by \$27 million to \$377 million in the twelve-month period ended December 31, 2025, compared with the corresponding period in 2024. Adjusted net earnings of Asset Management includes a positive contribution of \$138 million from strategic investments, compared with \$116 million in the corresponding period in 2024. The adjusted net earnings of Mackenzie increased by \$5 million to \$239 million, primarily due to:

- An increase in net asset management fees, which is asset management fees offset by dealer compensation expenses, of \$51 million to \$834 million. Net asset management fees - third party were \$701 million, an increase of \$39 million compared with the corresponding period in 2024, primarily due to an increase in the average AUM of 11.4%, partially offset by a decrease in the net asset management fee rate and one less calendar day in the twelve-month period of 2025. Mackenzie's net asset management fee rate was 50.0 basis points for the twelve months ended December 31, 2025, compared with 52.9 basis points in the corresponding period in 2024. The decrease in rate was driven by the same reason explained in the three-month period above. Asset management fees - Wealth Management were \$133 million, an increase of \$12 million from the corresponding period in 2024.

Partially offset by:

- An increase in expenses of \$36 million to \$499 million, primarily due to an increase in operations and support expenses of \$23 million and an increase in advisory and business development expenses of \$13 million in the twelve-month period. The increase in advisory and business development expenses was primarily attributed to the same reason explained in the three-month period above;
- A decrease in net investment income and other of \$9 million to \$15 million; and
- An increase in income taxes of \$2 million to \$86 million.

ASSETS UNDER MANAGEMENT AND ADVISEMENT

AUA are the key driver of the Wealth Management segment.

AUM are the key driver of the Asset Management segment and an additional driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities.

Total assets under management and advisement (AUM&A) were as follows:

(in billions of dollars)	December 31, 2025	September 30, 2025	December 31, 2024	September 30, 2024
Wealth Management				
IG Wealth Management AUM	138.7	138.0	123.2	120.8
IG Wealth Management other AUA	20.2	17.9	17.2	15.6
Assets under advisement	158.9	155.9	140.4	136.4
Asset Management				
Third-party AUM	151.2	146.7	129.9	128.5
Sub-advisory and AUM to Wealth Management	92.8	92.8	83.4	83.6
Assets under management	244.0	239.5	213.3	212.1
Consolidated ¹				
Assets under management	289.9	284.7	253.1	249.3
Assets under management and advisement ²	310.1	302.6	270.4	264.9

1 Represents the consolidated AUM&A of IGM. In the Wealth Management segment, assets under management is a component part of assets under advisement. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM's reporting such that there is no double counting of the same client savings held at IGM's core businesses.

2 Includes adjustment representing the elimination of double counting where business is reflected within multiple segments.

Total average assets under management and advisement were as follows:

(in billions of dollars)	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Wealth Management								
IG Wealth Management AUA	157.8	150.5	141.2	142.5	139.4	132.9	128.1	124.0
IG Wealth Management AUM	139.5	133.0	124.5	125.5	123.3	117.7	113.5	110.0
Asset Management								
Third-party AUM	149.7	141.2	132.7	132.2	130.0	125.7	122.8	121.0
Total AUM	243.2	230.7	217.9	217.5	213.9	207.5	201.8	198.9
Consolidated ¹								
Assets under management	289.2	274.2	257.2	257.7	253.3	243.4	236.3	231.0
Assets under management and advisement ²	307.5	291.7	273.8	274.7	269.3	258.6	250.9	245.0

1 Represents the consolidated AUM&A of IGM. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM's reporting such that there is no double counting of the same client savings held at IGM's core businesses.

2 Includes adjustment representing the elimination of double counting where business is reflected within multiple segments.

ADJUSTMENTS

Adjustments are items excluded from net earnings in the determination of adjusted net earnings by IGM's management.

In 2025, adjusted net earnings exclude a positive impact of \$8 million after tax (\$26 million pre-tax), consisting of:

- Gain on partial sales of investment in associates of \$26 million after tax (\$44 million pre-tax), net of one-time costs, recorded in the fourth quarter; and
- IGM's proportionate share of Lifeco's adjustments of negative \$18 million, of which \$5 million was recorded in the fourth quarter.

In 2024, adjusted net earnings excluded a negative impact of \$5 million after tax (\$10 million pre-tax), consisting of:

- A positive impact of \$5 million related to the benefit from a tax loss consolidation transaction that IGM entered into with a subsidiary of the Corporation, recorded in the fourth quarter;
- IGM's proportionate share of Rockefeller's one-time debt refinancing costs of negative \$3 million, related to the early repayment of one of Rockefeller's financing facilities, recorded in the second quarter; and
- IGM's proportionate share of Lifeco's adjustments of negative \$7 million, of which nil was recorded in the fourth quarter.

The information above has been derived from IGM's annual MD&A; see Part C of this MD&A for additional information on IGM's annual results. IGM's most recent annual MD&A is available under its profile on SEDAR+ (www.sedarplus.ca).

GBL

OVERVIEW OF THE BUSINESS

GBL is an established investment holding company. As a leading and active investor in Europe, GBL is focused on long-term value creation with the support of a stable family shareholder base. GBL is focused on delivering meaningful growth by providing attractive returns to its shareholders through a combination of growth in its net asset value per share, a sustainable dividend and share buybacks. GBL's portfolio is composed of global companies, leaders in their sectors, in which GBL can contribute to value creation by being an active professional investor.

At December 31, 2025, GBL's portfolio was mainly comprised of the following investments (% equity ownership):

LISTED ASSETS

▪ SGS (SIX: SGSN) (14.3%) - testing, inspection and certification solutions	▪ Umicore (EBR: UMI) (8.0%) - automotive catalysts, cathode materials for batteries and precious metals recycling
▪ Pernod Ricard (EPA: RI) (6.8%) - premium spirits	▪ Concentrix (NASDAQ: CNXC) (14.1%) - global provider of customer experience (CX) solutions and technologies
▪ Imerys (EPA: NK) (54.7%) - industrial mineral-based specialty solutions	▪ Ontex (EBR: ONTEX) (19.98%) - provider of personal hygiene solutions
▪ adidas (XETR: ADS) (3.5%) - design, development and distribution of sporting goods	

DIRECT PRIVATE ASSETS

▪ Affidea (99.2%) - provider of advanced diagnostics and outpatient services	▪ Parques Reunidos (23.0%) - operator of leisure parks
▪ Sanoptis (84.3%) - provider of ophthalmology services	▪ Canyon (52.4%) - direct-to-consumer manufacturer of premium bicycles
▪ Voodoo (14.9%) - developer and publisher of mobile games	

Through GBL Capital and Sienna Investment Managers, GBL has activities in indirect private assets and third-party asset management. GBL Capital invests in externally managed funds and direct co-investments allocated to buyout, venture capital/growth, private credit and hedge funds.

GBL reported a net asset value (refer to the section "Other Measures") at December 31, 2025 of €14,035 million or €105.37 per share, compared with €15,681 million or €113.30 per share at December 31, 2024.

RESULTS

Contribution to Power Corporation

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Average direct ownership (%) ¹	17.1	17.1	16.5	16.9	16.1
Contribution to earnings					
Net earnings (loss)	(195)	(78)	18	(263)	31
Adjusted net earnings (loss)	(15)	(11)	18	(38)	75
Total dividend received ²				175	92
As at				December 31, 2025	December 31, 2024
Contribution to holding company balance sheets					
Investment in GBL, carrying value				3,291	3,683
% of total holding company assets				11.1	12.8
Investment in GBL, fair value				2,691	2,162
% of total holding company assets, at fair value				4.4	4.8

1 Average direct ownership presented does not consider the effect of the treasury shares held by GBL. The average economic ownership including the effect of treasury shares was 18.6% for the twelve-month period ended December 31, 2025 (17.9% in 2024).

2 The dividend received from Parjointco was €112 million for the period ended December 31, 2025, compared with €62 million for the period ended December 31, 2024.

Reconciliation of contribution to net earnings and adjusted net earnings of Power Corporation

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Contribution to Power Corporation's					
Adjusted net earnings (loss)	(15)	(11)	18	(38)	75
Adjustments					
Imerys impairment and other charges and currency translation reclassification	(155)	–	–	(155)	(44)
Loss on partial divestment of GBL Capital portfolio and Sienna Investment Managers	(25)	(67)	–	(92)	–
Affidea's gain on debt modification	–	–	–	22	–
	(180)	(67)	–	(225)	(44)
Net earnings (loss)	(195)	(78)	18	(263)	31

Contribution to net earnings (loss) as reported by GBL

(in millions of euros)	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Share of earnings (loss) of associates and consolidated operating companies of:					
Imerys	(285)	21	27	(225)	(52)
Affidea	(23)	20	1	54	(15)
Sanoptis	33	(34)	(36)	(71)	(75)
Canyon	(6)	2	(19)	(6)	(19)
Parques Reunidos/Piolin II	(13)	14	(18)	(4)	(25)
GBL Capital and Sienna Investment Managers	(14)	2	(1)	(29)	18
	(308)	25	(46)	(281)	(168)
Net dividends from investments:					
SGS	–	–	–	98	126
Pernod Ricard	40	–	40	81	81
adidas	–	–	–	11	6
Umicore	–	–	–	10	31
Concentrix	–	3	1	10	10
Other	1	–	–	1	1
	41	3	41	211	255
Other financial income (expenses)	(29)	(144)	144	(208)	197
Other operating income (expenses)	(47)	(54)	(51)	(196)	(171)
Gains (losses) from disposals, impairments and reversals of non-current assets	(71)	(84)	(1)	(157)	41
Interest income (expenses)	(1)	1	(10)	7	(21)
Taxes	(1)	–	–	(1)	(1)
Net earnings (loss)^{1 2}	(416)	(253)	77	(625)	132

1 Described as "IFRS consolidated net result" in GBL's publicly disclosed information.

2 Attributable to GBL shareholders.

Q4 2025 vs. Q4 2024 and Q3 2025	2025 vs. 2024
Net earnings (loss)	
Net loss of €416 million, compared with net earnings of €77 million in the corresponding period in 2024, and a net loss of €253 million in the third quarter of 2025.	Net loss of €625 million, compared with net earnings of €132 million in the corresponding period in 2024.

For the three-month period ended December 31, 2025, the net loss was €416 million, compared with net earnings of €77 million in the corresponding quarter in 2024. The decrease in net earnings of €493 million was mainly due to:

- An increase in the negative contribution from the share of earnings of associates and consolidated operating companies of €262 million to a negative contribution to GBL to €308 million, compared with a negative contribution of €46 million in the corresponding quarter in 2024, mainly due to:
 - A negative contribution from Imerys of €285 million, primarily related to a non-cash goodwill impairment charge of €467 million of its Solutions for Refractory, Abrasives and Construction business due to difficult market conditions, as well as charges related to a cost and performance improvement program of €41 million and project-related write-offs of Imerys British Lithium of €31 million. GBL's share of the impairment and other charges was €295 million; and
 - A decrease in the contribution from Affidea of €24 million and GBL Capital and Sienna Investment Managers of €13 million to a negative contribution to GBL of €23 million and €14 million, respectively.

Partially offset by:

- An increase in the contribution from Sanoptis of €69 million to a positive contribution to GBL of €33 million; and
- A decrease in the negative contribution from Parques and Canyon of €5 million and €13 million, respectively, to a negative contribution to GBL's earnings of €13 million and €6 million.

- A decrease in the contribution from other financial income (expenses) of €173 million to a negative contribution to GBL of €29 million, compared with a positive contribution of €144 million in the corresponding quarter in 2024. Other financial income includes a net decrease in the fair value of GBL Capital's investments in alternative funds and direct co-investments in private equity classified as FVPL of €21 million, compared with a net increase in fair value of €131 million in the corresponding quarter in 2024; and
- A decrease in the contribution from gains (losses) from disposals, impairments and reversals of non-current assets of €70 million to a negative contribution to GBL of €71 million, compared with a negative contribution of €1 million in the corresponding quarter in 2024. In the fourth quarter of 2025, GBL recognized impairments of €34 million related to the recently announced sales within Sienna Investment Managers, as well as losses of €31 million on additional divestments within the GBL Capital portfolio.

Partially offset by:

- An increase in the contribution from interest income (expenses) of €9 million to a negative contribution to GBL of €1 million, compared with a negative contribution of €10 million in the corresponding quarter in 2024, mainly due to an increase in interest income on cash and cash equivalents; and
- A decrease in other operating expenses of €4 million to €47 million. Other operating expenses in the three-month period ended December 31, 2025 includes an expense of €19 million related to a carried interest program implemented in January 2024 and a charge related to the revaluation of long-term incentive plans of €3 million.

For the twelve-month period ended December 31, 2025, the net loss was €625 million, compared with net earnings of €132 million in the corresponding period in 2024. The increase in net loss of €757 million was mainly due to:

- A decrease in the contribution from other financial income (expenses) of €405 million to a negative contribution to GBL of €208 million in the twelve-month period ended December 31, 2025, compared with a positive contribution of €197 million in the corresponding period in 2024. Other financial income includes a net decrease in the fair value of GBL Capital's investments in alternative funds and direct co-investments in private equity classified as FVPL of €179 million, compared with a net increase in fair value of €197 million in the corresponding period in 2024. The decrease in the twelve-month period of 2025 reflects the estimated transaction value of the assets included in the partial disposal of the GBL Capital portfolio announced in November 2025;
- A decrease in the contribution from gains (losses) from disposals, impairments and reversals of non-current assets of €198 million to a negative contribution to GBL of €157 million, compared with a positive contribution of €41 million in the corresponding period in 2024. The contribution from gains (losses) from disposals, impairments and reversals of non-current assets includes impairments recognized in the fourth quarter as explained in the three-month period above as well as additional impairments on investments by GBL Capital in the third quarter of 2025, primarily due to the partial disposal of the GBL Capital portfolio. As well, the first quarter of 2024 included a gain related to the sale of one investment by GBL Capital;
- An increase in the negative contribution from the share of earnings of associates and consolidated operating companies of €113 million to a negative contribution to GBL of €281 million, compared with a negative contribution of €168 million in the corresponding period in 2024, mainly due to:
 - An increase in the negative contribution from Imerys of €173 million to a negative contribution of €225 million, mainly due to the same reasons explained in the three-month period above; and
 - A decrease in the contribution from GBL Capital and Sienna Investment Managers of €47 million to a negative contribution to GBL of €29 million.

Partially offset by:

- An increase in the contribution from Affidea of €69 million to a positive contribution to GBL of €54 million; and
- A decrease in the negative contribution from Parques of €21 million, Canyon of €13 million and Sanoptis of €4 million to a negative contribution to GBL's earnings of €4 million, €6 million and €71 million, respectively.
- A decrease in dividends of €44 million to €211 million, mainly due to a decrease in the dividend received from SGS due to a decrease in GBL's interest in the first quarter of 2025 and a decrease in the dividend received from Umicore; and
- An increase in the negative contribution from other operating income (expenses) of €25 million to a negative contribution to GBL of €196 million, compared with a negative contribution of €171 million in the corresponding period in 2024. Other operating expenses in the twelve-month period ended December 31, 2025 includes an expense of €54 million related to a carried interest program compared with an expense of €39 million in the corresponding period in 2024, and a charge related to the revaluation of long-term incentive plans of €26 million.

Partially offset by:

- An increase in the contribution from interest income (expenses) of €28 million to a positive contribution of €7 million, compared with a negative contribution of €21 million in the corresponding period in 2024, and include the receipt of €9 million of default interest related to withholding taxes unduly applied to dividends received in 2008 as well as interest income on cash and cash equivalents.

Average Exchange Rates

The average exchange rates for the three-month and twelve-month periods ended December 31, 2025 and 2024 were as follows:

	Three months ended			Twelve months ended		
	December 31, 2025	December 31, 2024	Change %	December 31, 2025	December 31, 2024	Change %
EUR/CAD	1.6232	1.4918	8.8	1.5782	1.4818	6.5

Adjustments

Management of the Corporation applies the definition of adjusted net earnings to the results reported by GBL and identifies Adjustments. Adjustments are items excluded from GBL's contribution to the Corporation's net earnings in the determination of the contribution to adjusted net earnings.

In 2025, Adjustments with a net negative impact of \$225 million consist of:

- In the fourth quarter, Adjustments with a negative earnings impact of \$180 million consisted of the Corporation's proportionate share of:
 - The non-operating charges recognized by Imerys of \$90 million, primarily related to a non-cash goodwill impairment charge of its Solutions for Refractory, Abrasives and Construction business due to difficult market conditions, as well as charges related to a cost and performance improvement program, and project-related write-offs of Imerys British Lithium;
 - Impairment charges of \$65 million recognized at the Parjointco level on Imerys related goodwill; and
 - A charge of \$25 million on additional divestments in the GBL Capital portfolio entered into in the fourth quarter, and price and currency adjustments on the previously announced divestitures, as well as a share of impairment charges recognized on Sienna Investment Managers to reflect the transaction value of the announced sale of certain activities within the investment management business.
- In the third quarter, Adjustments with a negative earnings impact of \$67 million consisted of the Corporation's proportionate share of the net loss recognized by GBL on the partial disposal of its GBL Capital portfolio. The majority of this portfolio was classified as FVPL and the estimated transaction value was reflected in the carrying value of the divested assets in the third quarter.
- Partially offset by Adjustments with a positive earnings impact of \$22 million related to the Corporation's proportionate share of the earnings impact of Affidea, resulting from the renegotiation of its debt conditions, recognized in the first quarter.

In 2024, Adjustments with a net negative impact of \$44 million consisted of the Corporation's proportionate share of the non-cash loss recognized by Imerys on its disposition of assets serving the paper market, primarily due to the reclassification of the related cumulative translation adjustment in earnings, recognized in the third quarter.

GBL's financial results and other disclosures have been derived from GBL's publicly disclosed financial information, as issued by GBL in its 2025 year-end press release. Further information on GBL's results is available on its website (www.gbl.com).

OTHER COMPONENTS OF EARNINGS

Sagard and Power Sustainable

The Corporation, through its alternative asset investment platforms, Sagard and Power Sustainable, continues to develop asset management businesses which build upon the investment capabilities that have been created over many years in several high-growth asset classes. The alternative asset investment platforms are focused on growing their asset management businesses through raising third-party capital as well as the expansion of strategies and asset classes:

- Sagard is a global multi-strategy alternative asset management firm active in venture capital, private equity, private credit and real estate. Sagard delivers flexible capital, an entrepreneurial culture, and a global network of investors, commercial partners, advisors, and value creation experts to its portfolio companies. Sagard also engages in private wealth management and holds strategic interests in other alternative asset management businesses. The firm has offices in Canada, the U.S., Europe and the Middle East.
- Power Sustainable is a sustainability-focused investment manager with offices in Canada and the U.S. Power Sustainable finances companies and projects that aim for both competitive returns and positive sustainability outcomes, and offers institutional investors exposure to alternative assets which aim to accelerate and scale sustainable solutions across multiple industries. Power Sustainable is currently comprised of four strategies: Power Sustainable Energy Infrastructure, Power Sustainable Infrastructure Credit, Power Sustainable Lios (agri-food private equity) and Power Sustainable Decarb PE.

Sagard and Power Sustainable comprise the results of the investment platforms, which include income earned from asset management and investing activities:

		SAGARD	POWER SUSTAINABLE																		
ASSET MANAGEMENT ACTIVITIES	Sagard and Power Sustainable are focused on growing their asset management businesses through raising third-party capital as well as the expansion of strategies and asset classes.	Fee-related earnings + Carried interest + Other management activities and strategic interests ¹	Fee-related earnings + Carried interest + Other management activities (Potentia and Nautilus) ¹																		
INVESTING ACTIVITIES	Power Corporation invests proprietary capital in the strategies of its investment platforms to support their growth and development as asset managers and seeks to earn attractive returns commensurate with the risk profile.	<table><tr><th>Investment</th><th>Accounting</th></tr><tr><td>▪ Venture Capital</td><td>FVPL</td></tr><tr><td>▪ Wealthsimple</td><td>Consolidated</td></tr><tr><td>▪ Private Equity</td><td>FVPL</td></tr><tr><td>▪ Private Credit</td><td>FVPL</td></tr><tr><td>▪ Real Estate</td><td>FVPL</td></tr></table>	Investment	Accounting	▪ Venture Capital	FVPL	▪ Wealthsimple	Consolidated	▪ Private Equity	FVPL	▪ Private Credit	FVPL	▪ Real Estate	FVPL	<table><tr><th>Investment</th><th>Accounting</th></tr><tr><td>▪ Energy Infrastructure</td><td>Consolidated²</td></tr><tr><td>▪ Infrastructure Credit</td><td>FVPL</td></tr></table>	Investment	Accounting	▪ Energy Infrastructure	Consolidated ²	▪ Infrastructure Credit	FVPL
Investment	Accounting																				
▪ Venture Capital	FVPL																				
▪ Wealthsimple	Consolidated																				
▪ Private Equity	FVPL																				
▪ Private Credit	FVPL																				
▪ Real Estate	FVPL																				
Investment	Accounting																				
▪ Energy Infrastructure	Consolidated ²																				
▪ Infrastructure Credit	FVPL																				

1 Sagard includes the share of earnings of the private wealth investment platform and other strategic interests. Power Sustainable includes the other management activities (Potentia and Nautilus) performed on behalf of PSEIP, including operations and maintenance (O&M), value-added and customer acquisition services.

2 Investments in Energy Infrastructure are required to be consolidated in accordance with IFRS. Contribution to earnings represents the Corporation's share of earnings from the underlying activities of PSEIP and direct investments (i.e., revenues and expenses of projects, related financing expenses, depreciation, development and general and administrative (G&A) expenses), as well as the impact related to the revaluation of the equity interests held by third parties in PSEIP.

CONTRIBUTION TO POWER CORPORATION

Summary of Adjusted and net earnings (loss) from Sagard and Power Sustainable:

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Contribution to Power Corporation's:					
Adjusted net earnings (loss)					
Asset management activities					
Sagard	9	1	(1)	14	5
Power Sustainable	(6)	(11)	(9)	(37)	(65)
Investing activities (proprietary capital)					
Sagard	17	(12)	34	144	60
Power Sustainable	(15)	(5)	(34)	(16)	(71)
	5	(27)	(10)	105	(71)
Adjustments					
Sagard	–	–	16	–	16
Power Sustainable	(118)	(35)	(28)	(116)	(42)
Net earnings (loss)	(113)	(62)	(22)	(11)	(97)

The following sections discuss the overview and results of the asset management and investing activities of the investment platforms.

ASSET MANAGEMENT ACTIVITIES

Overview of the businesses

SAGARD

At December 31, 2025, Sagard had \$47.4 billion (US\$34.6 billion) of assets under management (\$39.3 billion (US\$27.3 billion) at December 31, 2024), including unfunded commitments (refer to the section "Other Measures"), across four asset classes: venture capital, private equity, private credit and real estate, including \$1.5 billion through its private wealth investment platform (\$1.2 billion at December 31, 2024). At December 31, 2025, assets under management managed through PEM's fund of funds, direct investment funds and separately managed accounts and BEX's secondaries strategies represented \$16.5 billion (US\$12.0 billion).

Sagard manages assets within funds, separately managed accounts and co-investment vehicles. The composition by strategy of the assets under management is as follows:

(in billions of dollars)	December 31, 2025	December 31, 2024
Venture Capital ^{1 2}	14.6	11.3
Private Equity ^{2 3}	16.2	12.9
Private Credit	7.9	6.6
Real Estate	7.4	7.4
Other ⁴	1.3	1.1
Assets under management	47.4	39.3
<i>Power Corporation</i>	<i>2.6</i>	<i>2.0</i>
<i>Third parties and associated companies⁵</i>	<i>44.8</i>	<i>37.3</i>
Fee-bearing capital^{6 7}	29.5	26.5
<i>Power Corporation</i>	<i>1.2</i>	<i>1.1</i>
<i>Third parties and associated companies⁵</i>	<i>28.3</i>	<i>25.4</i>

1 Includes elimination of inter-fund interests within the venture capital asset class.

2 At December 31, 2025, assets under management managed through PEM's strategies represented \$5.5 billion (US\$4.0 billion) within the venture capital asset class and \$7.7 billion (US\$5.6 billion) within the private equity asset class (\$5.2 billion (US\$3.6 billion) within the venture capital asset class and \$7.9 billion (US\$5.5 billion) within the private equity asset class at December 31, 2024.)

3 At December 31, 2025, assets under management managed through BEX funds represented \$3.3 billion (US\$2.4 billion) within the private equity asset class.

4 Includes assets managed through its private wealth investment platform, as well as inter-fund eliminations between the private wealth investment platform and other asset classes.

5 Associated companies includes commitments from management, as well as commitments from Lifeco, IGM and GBL.

6 Refer to the section "Other Measures".

7 Excludes the fee-bearing capital of Sagard's private wealth investment platform of \$1.4 billion at December 31, 2025 (\$1.2 billion at December 31, 2024).

Sagard's weighted average management fee rate (refer to the section "Other Measures") was 0.97% for the three-month period ended December 31, 2025, compared with 1.05% in the corresponding quarter in 2024. The decrease is primarily due to the change in the composition of assets under management and related fee rates including the impact from the acquisition of BEX in the second quarter of 2025.

Sagard's weighted average management fee rate was 0.91% for the twelve-month period ended December 31, 2025, compared with 1.03% in the corresponding period in 2024. The decrease is primarily due to the change in the composition of assets under management and related fee rates including the impacts from the acquisitions of BEX in the second quarter of 2025 and PEM in the first quarter of 2024.

The following table provides information on the funds managed by Sagard as well as the Corporation's interests in each of the funds:

December 31, 2025 (in millions; except as otherwise noted)	Currency	Vintage	Capital commitments	Interest held			Manager compensation		
				Power Corporation	Associated companies ¹	Third parties	Fees ²		Carried interest ³
			(\$)	(%)	(%)	(%)	(%)		(%)
Venture Capital									
Portage Ventures I ⁴	C\$	2016	482	39.2	60.8	–	2.00	Invested capital	10.0
Portage Ventures II ⁵	C\$	2018	427	12.4	16.8	70.8	2.00	Invested capital	20.0
Portage Ventures III ⁵	US\$	2021	655	2.4	15.3	82.3	2.25	Invested capital	20.0
Portage Ventures IV ⁶	US\$	2024	524	4.8	14.7	80.5	2.50	Committed capital	20.0
Portage Capital Solutions	US\$	2023	513	29.2	29.1	41.7	2.00	Committed capital	20.0
Diagram Funds ⁷	C\$	2016-2023	400	17.7	17.5	64.8	1.00-2.50	Committed capital	nil-20.0
SAGARD PRIVATE EQUITY SOLUTIONS									
PEM Venture Capital (PVC)									
PVC I-II	US\$	2005-2008	1,334	–	0.3	99.7	nil-0.38	Committed capital	5.0
PVC III	US\$	2014	149	–	2.6	97.4	0.50	Committed capital	5.0
PVC IV-V	US\$	2018-2021	473	–	2.5	97.5	0.30-0.95	Committed capital	5.0
PVC VI and SOF ^{6,8}	US\$	2024	303	9.9	1.0	89.1	0.30-0.95	Committed capital	5.0
Private Equity									
Sagard Private Equity Canada	C\$	2021	407	3.7	13.7	82.6	2.00	Committed capital	20.0
Sagard MidCap II ⁵	€	2007	728	22.4	11.7	65.9	1.75	Invested capital	20.0
Sagard MidCap 3 ⁵	€	2013	729	0.2	0.5	99.3	2.00	Invested capital	20.0
Sagard MidCap 4	€	2020	815	18.6	8.8	72.6	1.75	Committed capital	20.0
Sagard NewGen ⁵	€	2020	313	6.0	7.8	86.2	2.00	Invested capital	20.0
Sagard NewGen 2 ⁶	€	2025	220	11.0	23.9	65.1	2.00	Committed capital	20.0
Sagard Private Equity Strategies ⁹	US\$	2025	71	55.4	2.0	42.6	1.00-1.30	Net asset value	12.5
SAGARD PRIVATE EQUITY SOLUTIONS									
BEX Private Equity									
BEX II	€	2018	60	–	0.8	99.2	0.45-0.75	Committed capital	15.0
BEX III	US\$	2019	365	–	0.8	99.2	0.60-1.05	Committed capital	15.0
BEX IV	US\$	2022	765	–	1.0	99.0	0.75-1.35	Committed capital	15.0
BEX V	US\$	2025	786	–	1.0	99.0	0.75-1.50	Committed capital	15.0
PEM Direct Investment (PDI)									
PDI III-IV	US\$	2014-2019	474	–	2.4	97.6	1.00	Invested capital	10.0
PDI V	US\$	2024	386	7.8	2.0	90.2	1.00	Committed capital	10.0
Private Credit									
Sagard Credit Partners I	US\$	2018	557	18.0	1.0	81.0	1.50	Invested capital	15.0
Sagard Credit Partners II	US\$	2022	1,167	4.3	5.2	90.5	1.50	Invested capital	20.0
Sagard Credit Partners III ⁶	US\$	2025	624	–	–	100.0	1.50	Invested capital	15.0
Sagard Senior Lending Partners	US\$	2023	501	–	20.8	79.2	1.25	Invested capital	15.0
Sagard Private Credit ⁹	C\$	2024	162	29.4	–	70.6	1.00-1.30	Net asset value	15.0
Sagard Healthcare Partners ¹⁰	US\$	2019	1,278	9.3	0.5	90.2	1.50-1.75	Committed capital	20.0
Real Estate									
USPF ⁹	US\$	2002	876	1.9	25.1	73.0	0.75-0.98	Net asset value	–

1 Associated companies includes commitments from management as well as commitments from Lifeco (\$33 million in Portage Ventures II, US\$59 million in Portage Ventures III, US\$60 million in Portage Ventures IV, US\$143 million in Portage Capital Solutions, \$50 million in SPEC, €50 million in Sagard MidCap 4, €10 million in Sagard NewGen 2, US\$50 million in Sagard Credit Partners II, US\$101 million in SLP, and US\$221 million in USPF), IGM (\$33 million in Portage Ventures II, US\$26 million in Portage Ventures III and US\$17 million in Portage Ventures IV), Pargesa (€33 million in Sagard MidCap II), and GBL (€40 million in Sagard NewGen 2). Lifeco and IGM have invested \$25 million and \$268 million, respectively, in Portage Ventures I.

2 Represents the base management fees. The management fees presented for the PVC and BEX funds represent the range of base fees over the remaining life of each fund.

3 Represents the base carried interest for each fund. Sagard will receive an allocation of carried interest for the PEM and BEX funds with vintage years subsequent to their acquisition in 2024 and 2025, respectively. Carried interest for Sagard Private Equity Strategies and Sagard Private Credit is realized on a quarterly basis when investment returns exceed a predetermined hurdle rate, and is not subject to clawback.

4 Includes investments held by Portage Ventures I, Power Financial and IGM, through limited partnerships controlled by Power Financial, in Wealthsimple.

5 During the investment period, management fees were based on committed capital. Since the close of the investment period, management fees are based on invested capital, which may include a reserve for follow-on investments.

6 Fundraising activities continue for Portage Ventures IV, PVC VI, PVC SOF, Sagard NewGen 2 and Sagard Credit Partners III.

7 The Diagram Funds include Diagram Ventures I, Diagram Ventures II, Diagram Ventures III, Diagram Opportunity and Diagram ClimateTech. Total capital commitments includes amounts committed by Portage Ventures I and Portage Ventures II. Associated companies includes commitments from management as well as commitments from Portage Ventures I (\$10 million in Diagram Ventures I) and Portage Ventures II (\$10 million in Diagram Ventures I and \$35 million in Diagram Ventures II). Diagram Ventures I and II do not have carried interest.

8 The PVC VI and PVC SOF funds are presented on a combined basis. Total capital commitments of PVC SOF include commitments from PVC VI, which represent approximately 42% of PVC SOF's aggregate capital commitments of US\$98 million as of December 31, 2025.

9 Sagard Private Equity Strategies, Sagard Private Credit and USPF are open-ended funds and generally invest all committed capital; as such the capital commitments of the funds are representative of the net asset value (refer to the section "Other Measures"). USPF is managed by Sagard Real Estate through a management service agreement.

10 Represents Series I and II; the interest in the fund is based on invested capital as of December 31, 2025. The investment period is completed for the first series which represents a total commitment of \$726 million; base compensation for Series I is 1.50% on invested capital.

The following table summarizes the activities of the funds managed by Sagard:

December 31, 2025		Commitments			Distributions to date ¹	NAV ²
(in millions; except as otherwise noted)	Currency	Total funded	Unfunded	Unfunded		
		(\$)	(\$)	(%)	(\$)	(\$)
Venture Capital						
Portage Ventures I ³	C\$	482	–	–	627	3,927
Portage Ventures II	C\$	414	13	3.0	64	969
Portage Ventures III	US\$	522	133	20.4	–	797
Portage Ventures IV	US\$	155	369	70.5	–	137
Portage Capital Solutions	US\$	292	221	43.0	14	336
Diagram Funds	C\$	247	153	38.2	90	351
SAGARD PRIVATE EQUITY SOLUTIONS						
PVC Funds ⁴						
PVC I-II ⁵	US\$	1,315	19	1.5	3,095	30
PVC III	US\$	145	4	2.5	308	309
PVC IV-V	US\$	365	108	22.9	26	482
PVC VI and SOF ⁶	US\$	82	225	74.4	6	107
Private Equity						
Sagard Private Equity Canada	C\$	220	187	45.9	–	232
Sagard MidCap II	€	722	6	0.9	1,163	18
Sagard MidCap 3	€	682	47	6.5	1,761	233
Sagard MidCap 4 ⁶	€	742	148	18.1	546	720
Sagard NewGen ⁶	€	305	32	10.2	74	406
Sagard NewGen 2	€	9	211	96.0	–	4
SAGARD PRIVATE EQUITY SOLUTIONS						
BEX Funds ⁷						
BEX II	€	54	6	10.0	132	43
BEX III	US\$	237	128	35.0	97	300
BEX IV	US\$	459	306	40.0	–	649
BEX V	US\$	242	544	69.2	–	353
PDI Funds ⁴						
PDI III-IV	US\$	470	4	0.8	691	434
PDI V ⁶	US\$	206	189	48.8	9	246
Private Credit						
Sagard Credit Partners I	US\$	548	9	1.5	669	50
Sagard Credit Partners II ⁶	US\$	638	661	56.6	239	601
Sagard Credit Partners III	US\$	–	624	100.0	–	–
Sagard Senior Lending Partners	US\$	217	284	56.7	13	230
Sagard Healthcare Partners ⁶	US\$	1,023	293	22.9	541	727

1 Excludes distributions which have been recalled by the fund for reinvestment, as well as distributions made by the fund due to rebalancing from increases in fund size.

2 Net asset value (NAV) of the fund represents the fair value of investments held within the fund, net of any liabilities, and includes the controlled and consolidated investments held through the fund presented at fair value. Refer to the section "Adjusted Net Asset Value" for a description of the Corporation's fair value adjustments to controlled and consolidated investments.

3 Includes investments held by Portage Ventures I, Power Financial and IGM through limited partnerships controlled by Power Financial, in WealtheSimple, which represents a fair value of \$3.8 billion at December 31, 2025 (\$2.1 billion at December 31, 2024). Excludes investments in WealtheSimple held directly by Power Financial and IGM of \$0.3 billion at December 31, 2025 (\$0.1 billion at December 31, 2024).

4 In the first quarter of 2024, Sagard acquired a controlling interest in PEM. The activities of the funds managed by PEM are presented since the inception of each fund.

5 In the second quarter of 2025, PVC I and II were closed; on closing, a total distribution of US\$415 million was transferred into a continuation fund. Certain LPs of PVC I and II are also LPs in the PVC continuation fund.

6 Total funded commitments represent the net cash funded for portfolio investments and fund expenses since inception, excluding amounts that have been recalled by the fund. The unfunded commitments of PVC VI, Sagard MidCap 4, Sagard NewGen, PEM-PDI V, Sagard Credit Partners II and Sagard Healthcare Partners include amounts distributed of US\$4 million, €75 million, €24 million, US\$9 million, US\$132 million and US\$38 million, respectively, which are recallable by the fund.

7 In the second quarter of 2025, Sagard acquired a controlling interest in BEX Capital. The activities of the funds managed by BEX are presented since the inception of each fund.

Venture Capital (fintech investments)

- Sagard's venture capital asset class is managed under the Portage, Diagram and Sagard Private Equity Solutions platforms.

PORTAGE

- Portage is a global fintech and financial services investment platform. Its mission is to empower entrepreneurs reshaping financial services by partnering with ambitious companies across all stages through Portage Ventures and Portage Capital Solutions.
 - Portage Ventures is a global fintech venture capital investment strategy dedicated to supporting fintech innovators in insurance, consumer & small and medium business finance, wealth & asset management, and fintech enablers. Through its funds, Portage Ventures has invested in more than 120 fintech companies and investment funds.
 - Portage Capital Solutions is a capital partner that delivers flexible equity capital solutions and resources to later-stage fintech and financial services businesses.

DIAGRAM

- Diagram is a venture builder that conceives and launches technology companies and a venture investor that invests in early stage companies, primarily in the financial services (fintech) and climate tech spaces. Diagram has launched and invested in more than 40 companies across five funds.

SAGARD PRIVATE EQUITY SOLUTIONS

- PEM, operating under the brand Sagard Private Equity Solutions, has a venture capital fund of funds program with an emphasis on access-constrained U.S. early and late-stage technology-centric asset managers. This investment strategy, through funds and separately managed accounts, provides investors with access to selected managers, many of which are closed to new investors.

Private Equity

- Sagard's private equity asset class is managed under the Sagard and Sagard Private Equity Solutions platforms.

SAGARD

- Sagard, under its private equity asset class, manages four strategies: Sagard Private Equity Canada, Sagard MidCap (Europe), Sagard NewGen (Europe), and Sagard Private Equity Strategies.
 - Sagard Private Equity Canada is a private equity strategy investing in the Canadian middle market, with a focus on business and financial services, as well as manufacturing.
 - Sagard MidCap is a European private equity investment strategy that invests in middle-market business services, healthcare, food & consumer, and industrial sectors.
 - Sagard NewGen is a European private equity investment strategy that supports entrepreneurs in the technology and healthcare industries.
 - Sagard Private Equity Strategies offers Canadian accredited investors access to institutional-calibre private equity. The fund invests in a broadly diversified portfolio of secondaries, co-investments, and primaries, with a focus on the small and middle-market.

SAGARD PRIVATE EQUITY SOLUTIONS

- BEX Capital's investment strategy focuses on the acquisition of positions in global private equity fund of funds, secondary funds and co-investment funds.
- PEM, operating under the brand Sagard Private Equity Solutions, manages an investment strategy which focuses on a diversified portfolio of primarily U.S. small and middle-market buyouts sourced from selected asset managers, including co-investment opportunities. PEM offers this investment strategy through funds and separately managed accounts.

Private Credit

- Sagard, under the private credit asset class, manages four strategies, Sagard Credit, Sagard Senior Lending, Sagard Private Credit and Sagard Healthcare, and includes a strategic investment in HalseyPoint.
 - Sagard Credit is a non-sponsor, direct-lending strategy focused on middle-market public and private companies in North America. It provides bespoke debt solutions across the credit spectrum in first- and second-lien loans, such as unsecured and mezzanine financings, tailored to a company's specific needs.
 - Sagard Senior Lending is a senior direct-lending strategy focused on middle-market companies in North America. It provides first-lien, floating-rate debt to public and private middle-market companies to help fund growth and other strategic initiatives.
 - Sagard Private Credit is an evergreen fund, designed to offer Canadian accredited investors the opportunity to participate in private credit. The fund seeks to generate attractive and stable returns driven largely by interest income earned on a broadly diversified portfolio of private loans.
 - Sagard Healthcare, a biopharmaceutical royalties investment strategy, invests in royalties and credit backed by approved and commercialized biopharmaceutical products, diagnostics and medical devices. Sagard Healthcare aims to accelerate the returns on innovation for owners of intellectual property, while offering investors an attractive healthcare exposure largely uncorrelated to other asset classes.
 - HalseyPoint, a manager jointly controlled by Sagard, manages collateralized loan obligations (CLOs) focused on the U.S. leveraged loan and high-yield bond markets. HalseyPoint managed AUM of \$6.2 billion (US\$4.5 billion) at December 31, 2025 and has raised to date ten CLOs.
- In 2025, Sagard launched Sagard CLO Equity, a fund that will invest in the equity tranche of future CLOs managed by Sagard | HalseyPoint. In the second quarter of 2025, Sagard completed the first close, raising commitments of up to US\$92.5 million.

Real Estate

- Sagard Real Estate (formerly EverWest) is a real estate investment advisor and operator providing investment management services across the U.S. that include acquisitions, asset management, development and property management for its investors. Sagard Real Estate is headquartered in Denver, Colorado with regional offices throughout the U.S.

Sagard Real Estate offers a variety of investment strategies including separately managed accounts and funds.

Private Wealth Investment Platform

- Sagard Wealth (formerly Grayhawk) is a dedicated chief investment office providing institutional-calibre capabilities and exclusive access to global investment opportunities, from traditional to alternative strategies, to Canadian families. Sagard Wealth had \$1.5 billion in assets under management at December 31, 2025 (\$1.2 billion at December 31, 2024).
- The Corporation, through Sagard, indirectly holds a 77.3% interest in Sagard Wealth (60.3% at December 31, 2024).

POWER SUSTAINABLE

At December 31, 2025, Power Sustainable had \$4.4 billion of assets under management (\$4.2 billion at December 31, 2024), including unfunded commitments. Assets under management reflect the fair value of assets, net of liabilities and project debt, and includes unfunded commitments.

Power Sustainable manages assets within funds and separately managed accounts. The composition of assets under management is as follows:

(in millions of dollars)	December 31, 2025	December 31, 2024
Power Sustainable Energy Infrastructure	2,647	2,902
Power Sustainable Infrastructure Credit	1,118	1,035
Power Sustainable Lios	271	261
Power Sustainable Decarb PE	352	–
Assets under management	4,388	4,198
<i>Power Corporation</i>	<i>1,160</i>	<i>1,303</i>
<i>Third parties and associated companies¹</i>	<i>3,228</i>	<i>2,895</i>
Fee-bearing capital²	3,607	2,943
<i>Power Corporation</i>	<i>981</i>	<i>1,107</i>
<i>Third parties and associated companies¹</i>	<i>2,626</i>	<i>1,836</i>

1 Associated companies includes commitments from management, as well as commitments from Lifeco.

2 Refer to the section "Other Measures".

Power Sustainable's weighted average management fee rate was 1% for the three-month and twelve-month periods ended December 31, 2025, comparable with the corresponding periods in 2024.

The following table provides information on the strategies managed by Power Sustainable as well as the Corporation's interests in each of the strategies:

December 31, 2025		Commitments ¹			Interest held ²			
(in millions of dollars; except as otherwise noted)	Currency	Vintage	Capital commitments	Total funded	Power Corporation	Associated companies ³	Third parties	NAV
			(\$)	(\$)	(%)	(%)	(%)	(\$)
Power Sustainable Energy Infrastructure Partnership ^{4,5}	C\$	2021	1,800	1,751	28.3	12.9	58.8	2,445
Power Sustainable Infrastructure Credit ⁶	US\$	2023	811	300	17.8	76.1	6.1	306
Power Sustainable Lios	C\$	2022	285	154	–	20.7	79.3	139
Power Sustainable Decarb PE ⁷	US\$	2025	266	3	39.5	28.8	31.7	–

1 Includes amounts of separately managed agreements committed within each strategy.

2 Based on committed capital or NAV as of December 31, 2025.

3 Associated companies includes commitments from management as well as commitments from Lifeco of \$220 million in PSEIP, US\$600 million in Power Sustainable Infrastructure Credit, \$56 million in Power Sustainable Lios and US\$75 million in Power Sustainable Decarb PE.

4 NAV of the fund represents the fair value of investments held within the fund, net of any liabilities and project debt, and includes the controlled and consolidated investments held through the fund presented at fair value. Refer to the section "Adjusted Net Asset Value" for a description of the Corporation's fair value adjustments to controlled and consolidated investments.

5 Excludes direct investments in energy assets, which have a net asset value of \$153 million. At December 31, 2025, PSEIP had distributed an amount of \$84 million since inception.

6 In the second quarter of 2024, the Corporation entered into a separately managed account for a total of US\$120 million in which it will invest alongside the fund on target investments. In the fourth quarter of 2025, the Corporation increased the separately managed account to a total of US\$160 million. At December 31, 2025, the Corporation had invested US\$61 million (C\$85 million), net of recallable distributions, through this account.

7 Fund commitments of up to US\$330 million, of which US\$266 million is currently callable.

Power Sustainable Energy Infrastructure

Power Sustainable Energy Infrastructure (Power Sustainable Energy) operates a leading North American-focused renewable energy platform with 3.8 GW of utility-scale and distributed energy assets, including assets under construction, and assets in advanced development projects. Through its wholly owned operating companies, Potentia Renewables and Nautilus Solar, Power Sustainable Energy has a dedicated team of over 200 in-house professionals to oversee the development, construction, financing and operation of renewable energy assets across North America.

- **Potentia Renewables:** Power Sustainable holds a 100% interest in Potentia, a renewable energy generation company, which is a fully integrated developer, operator and manager of solar and wind energy assets, active in North America.
- **Nautilus Solar:** Power Sustainable holds a 100% interest in Nautilus, a company headquartered in Chicago, U.S. that acquires, develops, finances and manages distributed solar projects across community, municipal/utility-scale, commercial and industrial markets.

The Power Sustainable Energy Infrastructure platform actively manages investments through Power Sustainable Energy Infrastructure Partnership (PSEIP) and through direct investments in energy infrastructure.

The following table details the composition of the total megawatts of utility-scale and distributed energy assets managed:

(in megawatts (MW))	December 31, 2025	December 31, 2024
Advanced development ¹	681	866
Under construction	595	253
Operating ¹	2,566	2,481
	3,842	3,600

¹ Includes projects in which PSEIP has a joint interest representing 613 MW at December 31, 2025, of which 343 MW is included in Advanced development (a total of 645 MW, of which 343 MW is included in Advanced development at December 31, 2024). During the second quarter of 2025, PSEIP acquired the remainder of the interest in one project previously accounted for as a joint venture.

Power Sustainable Energy earns management fees of 0.80% to 1.00% charged on the net asset value of PSEIP as well as a carried interest of 15%. Power Sustainable Energy also earns management fees of 0.85% charged on the net asset value of direct investments.

In the second quarter of 2025, wind projects developed by Potentia, representing approximately 425 MW and which had previously reached commercial operation, were sold to PSEIP. The Corporation received cash proceeds of \$262 million.

At December 31, 2025, the total assets on a consolidated basis of PSEIP and direct investments were \$6.1 billion (\$6.5 billion at December 31, 2024).

Power Sustainable Infrastructure Credit

Power Sustainable Infrastructure Credit, a global infrastructure credit platform, targets global investments in energy, transportation and logistics, digital, social and other sustainable infrastructure. The platform targets sub-investment-grade infrastructure investments and seeks to support sustainable assets, portfolios and operating companies with tailored financing solutions.

Power Sustainable Lios

Power Sustainable Lios is a specialized North American agri-food private equity investment platform supporting the sustainability transformation occurring within our food system. Lios Fund I, its inaugural fund, invests in growth-oriented, mid-market companies across the food value chain in North America to drive positive and sustainable change.

Power Sustainable Decarb PE

Power Sustainable Decarbonization Private Equity (Power Sustainable Decarb PE) seeks superior risk-adjusted returns through investments in established middle-market companies that help decarbonize the North American economy. The strategy targets investments in the energy, industrial and transportation sectors and the built environment.

On January 30, 2026, subsequent to year-end, Power Sustainable Decarb PE acquired a majority interest in a U.S.-based provider of energy efficiency, utility services, and distributed energy resources, primarily serving utilities and energy service companies as well as municipal customers.

RESULTS - Asset Management Activities

Asset management activities includes fee-related earnings (a non-IFRS financial measure, refer to the section "Non-IFRS Financial Measures"), which is comprised of management fees less investment platform expenses. Asset management activities also includes carried interest and income from other management activities.

	SAGARD	POWER SUSTAINABLE
ASSET MANAGEMENT ACTIVITIES		
INVESTING ACTIVITIES		

Summary of the composition of net earnings (loss) from asset management activities:

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Adjusted net earnings (loss)					
SAGARD					
Management fees ^{1 2}	74	68	67	268	232
Investment platform expenses	(83)	(73)	(62)	(293)	(233)
Fee-related earnings (loss) ³	(9)	(5)	5	(25)	(1)
Net carried interest ⁴	10	45	6	89	41
Other ³	5	(42)	(9)	(52)	(14)
	6	(2)	2	12	26
Earnings (loss) from private wealth platform and other asset management activities ⁵	–	1	(1)	1	(2)
Non-controlling interests ⁶	3	2	(2)	1	(19)
	9	1	(1)	14	5
POWER SUSTAINABLE					
Management fees ¹	9	9	7	35	27
Investment platform expenses	(20)	(16)	(20)	(66)	(66)
Fee-related earnings (loss) ³	(11)	(7)	(13)	(31)	(39)
Net carried interest ⁴	12	1	(1)	6	(15)
Other ^{3 7}	(11)	(6)	3	(20)	(18)
Non-controlling interests ⁸	4	1	2	8	7
	(6)	(11)	(9)	(37)	(65)
Adjusted net earnings (loss)	3	(10)	(10)	(23)	(60)
Adjustments					
POWER SUSTAINABLE					
Restructuring charges	–	–	–	–	(14)
Net earnings (loss)	3	(10)	(10)	(23)	(74)

1 Includes management fees charged by the investment platform on proprietary capital. Management fees paid by the Corporation are deducted from income from investing activities.

2 In the second and fourth quarters of 2025, Sagard recognized a retroactive management fee of \$5 million and \$2 million, respectively, related to new capital committed in the fundraising close of Sagard Healthcare Partners, PVC VI, PDI V and Portage Ventures IV (\$4 million and \$7 million in the second and fourth quarters, respectively, of 2024 related to the fundraising close of Portage Capital Solutions, Sagard Healthcare Partners and PDI V).

3 Fee-related earnings is a non-IFRS financial measure. Items excluded from fee-related earnings have been included in Other. Refer to the section "Non-IFRS Financial Measures" for a description and reconciliation.

4 Net carried interest is comprised of carried interest earned, net of amounts allocated to employees. Carried interest is recognized based on changes in fair value of investments held within each consolidated fund, and based on carried interest earned when it is highly probable that a significant reversal will not occur with respect to unconsolidated funds. The Corporation's share of carried interest expense payable by the fund is included in investing activities.

5 Includes the Corporation's share of earnings (losses) from Sagard's private wealth investment platform and other asset management activities as well as its interest in HalseyPoint.

6 Non-controlling interests represent equity interests held by third parties in SHMI, PEM and BEX, as well as interests held in SHMI by Lifeco and management of Sagard.

7 Other includes customer acquisition, development and asset management activities provided by Potentia and Nautilus on behalf of PSEIP.

8 Non-controlling interests represent equity interests held in PSM by Lifeco and management of Power Sustainable.

ADJUSTMENTS (EXCLUDED FROM ADJUSTED NET EARNINGS)

Power Sustainable

In the first quarter of 2024, Power Sustainable realigned its strategies and made a strategic decision to wind down its China public equity strategy, which included the closing of its investment management operations in China. Power Sustainable recognized a restructuring charge of \$12 million and \$2 million in the first and second quarters of 2024, respectively.

INVESTING ACTIVITIES**Overview**

Power Corporation invests proprietary capital in the strategies of its investment platforms to support their growth and development as asset managers. The investment platforms' growth strategy is focused primarily on raising third-party capital, and the Corporation expects that its proprietary capital will represent an increasingly smaller proportion of future funds. The Corporation seeks to earn attractive returns on its proprietary capital investments commensurate with the risk profile of the underlying investments in each strategy. Returns are expected to be realized over differing time horizons:

- Income-related strategies such as Private Credit, Real Estate, Power Sustainable Energy Infrastructure Partnership and Power Sustainable Infrastructure Credit are expected to generate returns on a regular basis; and
- Capital appreciation strategies such as Venture Capital and Private Equity are expected to generate returns as investments are monetized.

The Corporation holds investments managed by Sagard and Power Sustainable. The following table summarizes the investments held, by asset class, including the investments held through Power Financial:

(in millions of dollars)	As at December 31, 2024			Twelve-month period ended December 31, 2025			As at December 31, 2025		
	Investments to date ¹	Distributions to date ¹	Fair value	Investments	Distributions	Fair value change	Investments to date ¹	Distributions to date ¹	Fair value
Sagard									
Venture Capital ²	441	290	1,071	213	22	647	654	312	1,909
Private Equity	1,218	1,355	365	128	279	113	1,346	1,634	327
Private Credit	475	315	241	127	124	6	602	439	250
Real Estate	33	1	32	–	–	–	33	1	32
Cash and other	1	–	43				1	–	21
	2,168	1,961	1,752	468	425	766	2,636	2,386	2,539
Power Sustainable									
Power Sustainable Energy Infrastructure									
PSEIP ³	425	32	624	22	1	9	447	33	654
Direct investments ⁴	1,190	520	488	26	262	(99)	1,216	782	153
Power Sustainable Infrastructure Credit ⁵	27	–	29	77	38	7	104	38	75
Other investments	13	2	12	5	3	6	18	5	20
	1,655	554	1,153	130	304	(77)	1,785	858	902
	3,823	2,515	2,905	598	729	689	4,421	3,244	3,441

1 Includes distributions which have been recalled by the fund and distributions due to rebalancing.

2 Includes investment in the controlled and consolidated subsidiary, Wealthsimple, at fair value.

3 Includes the Corporation's share of investments in controlled and consolidated subsidiaries held through PSEIP at fair value. Investments to date include amounts previously held through direct investments which were transferred to PSEIP in 2021, in each of the third quarters of 2022 and 2023, and in the second quarter of 2025.

4 Includes the direct investments in energy infrastructure at fair value. Investments to date include funding related to the acquisitions of Potentia and Nautilus and related platform expenses prior to the establishment of Power Sustainable Energy Infrastructure.

5 Consists of investments through a separately managed account. Investments to date is presented net of disposals of funded committed capital through direct secondary offerings.

FINTECH INVESTMENTS

Fintech investments are comprised of the Corporation's investments, primarily held through Power Financial, in the Portage Ventures and Diagram funds and Wealthsimple. The Corporation's investments in the Portage Ventures and Diagram funds allow it to deepen its knowledge and accelerate the adoption of innovation within the Power group, while significant investments such as Wealthsimple give direct access to novel capabilities.

Wealthsimple

At December 31, 2025, Portage Ventures I, Power Financial and IGM collectively held, through a limited partnership controlled by Power Financial as well as direct investments, an undiluted equity interest in Wealthsimple of 52.4% (54.4% at December 31, 2024), representing a voting interest of 57.5% and a fully diluted equity interest of 40.7%. Wealthsimple, founded in 2014, is one of Canada's fastest-growing financial technology companies, and provides simple digital tools for growing and managing money.

Wealthsimple continues to strengthen its presence in the marketplace and offers a suite of financial products, ranging from investing to spending, saving and tax. At December 31, 2025, Wealthsimple had 3.2 million clients, excluding tax filers, across the Canadian market with assets under administration of \$111.3 billion, compared with \$64.0 billion at December 31, 2024.

At December 31, 2025, the Power group had invested \$544 million in Wealthsimple (\$344 million at December 31, 2024), and had received total proceeds of \$500 million from a secondary transaction in 2021.

The fair value of the Power group's interest in Wealthsimple was \$4.1 billion at December 31, 2025 (\$2.2 billion at December 31, 2024). The fair value of the Corporation's 15.4% equity interest in Wealthsimple, including its indirect interest held through Portage Ventures I, on a fully diluted basis, was \$1,566 million at December 31, 2025 (\$822 million at December 31, 2024). The increase in fair value in the twelve-month period ended December 31, 2025 considers recent transactions and the increase in public market peer valuations, as well as Wealthsimple's business performance and revenue expectations.

During 2025, net earnings attributable to the Corporation were negatively impacted by \$78 million, primarily due to the recognition of net carried interest associated with the increase in the fair value of Wealthsimple in the second and third quarters.

- The Corporation recognized an increase in carried interest payable of \$51 million on its interest in Wealthsimple included in the investing activities of Sagard, as well as the Corporation's share of the increase in carried interest payable allocated to IGM and Lifeco of \$52 million and \$4 million, respectively, included in the effect of consolidation. The Corporation's total share of the increase in carried interest payable was \$107 million, after non-controlling interests.
- As manager, Sagard recognized \$54 million of carried interest income, net of related employee expenses, included in asset management activities. The Corporation's total share of the net carried interest income was \$29 million, after non-controlling interests.

RESULTS - Investing Activities

Investing activities comprises income earned on the capital invested by the Corporation (proprietary capital) in the investment funds managed by the investment platforms and the share of earnings (losses) of controlled and consolidated subsidiaries held within the investment platforms. Due to the accounting treatment required for the underlying investments and activities, the results of certain consolidated funds and controlled and consolidated subsidiaries included in investing activities are not aligned with the fair value changes of the Corporation's respective investment.

	SAGARD	POWER SUSTAINABLE
ASSET MANAGEMENT ACTIVITIES		
INVESTING ACTIVITIES		

The Corporation has determined that it has control of Power Sustainable Energy Infrastructure Partnership due to its exposure to variable returns and is required to consolidate the activities of PSEIP in accordance with IFRS; therefore, the increase in fair value of the Corporation's interest held in PSEIP is not recognized in earnings. However, the limited partner equity interests held by third parties which have redemption features, subject to certain restrictions, have been classified as a financial liability and are remeasured at their redemption value. The impact from the revaluation of the non-controlling interests (NCI) liabilities has been excluded from adjusted net earnings. Refer to the section "Non-IFRS Financial Measures".

Income earned from investment activities (proprietary capital) is volatile in nature as it depends on many factors, including changes in fair value.

Summary of adjusted and net earnings (loss) from investing activities (proprietary capital):

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Adjusted net earnings (loss)					
SAGARD					
Private equity and other strategies	14	7	26	148	72
Venture capital (fintech investments) ¹	3	(19)	8	(4)	(12)
	17	(12)	34	144	60
POWER SUSTAINABLE					
Energy infrastructure ²	(14)	(6)	(36)	(23)	(72)
Other ³	(1)	1	2	7	1
	(15)	(5)	(34)	(16)	(71)
Adjusted net earnings (loss)	2	(17)	–	128	(11)
Adjustments					
SAGARD					
Remeasurement of deferred tax assets	–	–	16	–	16
POWER SUSTAINABLE					
Revaluation of NCI liabilities and other market-related impacts	(118)	(35)	(28)	(116)	(82)
Currency translation reclassification on Power Sustainable China	–	–	–	–	54
	(118)	(35)	(12)	(116)	(12)
Net earnings (loss)	(116)	(52)	(12)	12	(23)

1 Includes the Corporation's share of earnings (losses) of Wealthsimple. The twelve-month period ended December 31, 2025 includes a charge of \$51 million related to the Corporation's share of the carried interest payable due to the increase in fair value of the investment held in Wealthsimple, of which \$37 million was recorded in the third quarter and nil in the fourth quarter (\$32 million recognized in 2024, of which nil in the fourth quarter).

2 Investments in Energy Infrastructure are consolidated in accordance with IFRS. Contribution to earnings represents the Corporation's share of earnings from the underlying activities of PSEIP and direct investments (i.e., revenues and expenses of projects, related financing expenses, depreciation, development and G&A expenses).

3 The first quarter of 2025 included a change in fair value of other investments managed within the Power Sustainable platform.

ADJUSTMENTS (EXCLUDED FROM ADJUSTED NET EARNINGS)

Sagard

There were no adjustments in the twelve-month period ended December 31, 2025. For the twelve-month period ended December 31, 2024, Sagard recognized positive Adjustments of \$16 million, which primarily related to the Corporation's share of the remeasurement of deferred tax assets by Wealthsimple.

Power Sustainable

For the twelve-month period ended December 31, 2025, Power Sustainable recognized Adjustments of a net negative impact of \$116 million, which consist of the Corporation's share of the revaluation of non-controlling interests liabilities and other market-related impacts:

- A charge of \$125 million related to the revaluation of non-controlling interest liabilities resulting from changes in fair value of assets held in PSEIP, and the share of earnings (losses) from the consolidated activities of PSEIP attributable to third-party investors, of which a charge of \$124 million was recorded in the fourth quarter. The Corporation controls and consolidates the activities of PSEIP in accordance with IFRS; however, equity interests held by third parties have redemption features and are classified as a financial liability, which are remeasured at their redemption value. The twelve-month period ended December 31, 2025 includes a net charge of \$95 million, related to the Corporation's share of the revaluation of non-controlling interests liabilities which resulted from a net increase in fair value of assets held in PSEIP.
- A recovery of \$11 million due to the remeasurement of a deferred tax liability related to the Corporation's investment in PSEIP, recognized in the second quarter of 2025.
- The Corporation's share of fair value remeasurements of derivatives was a loss of \$2 million after tax (\$3 million pre-tax), of which a gain of \$6 million after tax (\$8 million pre-tax) was recorded in the fourth quarter.

For the twelve-month period ended December 31, 2024, Power Sustainable recognized Adjustments of a net negative impact of \$28 million, which included:

- A charge of \$82 million related to the Corporation's share of the revaluation of non-controlling interests liabilities and other market-related impacts:
 - A charge of \$88 million related to the revaluation of non-controlling interests liabilities resulting from changes in fair value of assets held in PSEIP, and the share of earnings (losses) from the consolidated activities of PSEIP attributable to third-party investors, of which \$41 million was recorded in the fourth quarter of 2024. The twelve-month period ended December 31, 2024 included a charge of \$49 million, related to the Corporation's share of the revaluation of non-controlling interests liabilities which resulted from an increase in fair value of assets held in PSEIP.
 - The Corporation's share of fair value remeasurements of derivatives was a gain of \$6 million after tax (\$8 million pre-tax) in the twelve-month period ended December 31, 2024, of which a gain of \$13 million after tax (\$17 million pre-tax) was recognized in the fourth quarter.
- Partially offset by a recovery of \$54 million recognized on the closing of Power Sustainable China, a foreign operation, which resulted from the reclassification of the related cumulative translation adjustment to net earnings in the first quarter of 2024.

Standalone Businesses

OVERVIEW

At December 31, 2025, standalone businesses represent the Corporation's equity investment in LMPG. Power Sustainable held a controlling interest of 49.6% at December 31, 2025 (same as at December 31, 2024) in LMPG, a designer, developer, and manufacturer of a wide range of high-performance and sustainable specification-grade LED solutions for commercial, institutional, and urban environments.

Power Sustainable held a 34.1% equity interest in Lion Electric, a manufacturer of zero-emission vehicles, at December 31, 2024. The carrying value of the investment in Lion was nil at December 31, 2024. In May 2025, Lion Electric completed a restructuring transaction under the *Companies' Creditors Arrangement Act* (CCAA). As a result, all issued and outstanding common shares, options, warrants and other instruments exercisable into, or convertible or exchangeable for, common shares of Lion were cancelled without consideration.

RESULTS

For the three-month period ended December 31, 2025, net loss from standalone businesses was \$5 million, compared with net earnings of \$106 million in the corresponding quarter in 2024. The adjusted net loss from standalone businesses for the three-month period ended December 31, 2025 was \$5 million, comparable with the corresponding quarter in 2024.

For the twelve-month period ended December 31, 2025, net loss from standalone businesses was \$2 million, compared with a net loss of \$38 million in the corresponding period in 2024. The adjusted net loss from standalone businesses for the twelve-month period ended December 31, 2025 was \$14 million, compared with an adjusted net loss of \$64 million in the corresponding period in 2024.

The net loss in the twelve-month period ended December 31, 2025 excludes Adjustments with a positive impact of \$12 million.

ADJUSTMENTS (EXCLUDED FROM ADJUSTED NET EARNINGS)

Management of the Corporation applies the definition of adjusted net earnings to the results reported by the standalone businesses and identifies Adjustments. Adjustments are items excluded from the contribution of the standalone businesses to the Corporation's net earnings in the determination of the contribution to adjusted net earnings.

In 2025, Adjustments with a positive earnings impact of \$12 million primarily consisted of the Corporation's share of the remeasurement of deferred tax liabilities by LMPG recorded in the first quarter.

In 2024, Adjustments with a positive earnings impact of \$26 million after tax (\$18 million pre-tax) consisted of:

- A net gain of \$279 million after tax (\$279 million pre-tax) recognized on the sale of the Corporation's 42.6% interest in Peak in the fourth quarter of 2024; and
- The Corporation's share of Peak's gain on disposal of its investment in Rawlings of \$46 million after tax (\$46 million pre-tax) recorded in the second quarter of 2024.

Partially offset by:

- Impairment charges on the Corporation's investment in Lion, partially offset by the Corporation's share of the remeasurement of warrant obligations at Lion of \$122 million after tax (\$130 million pre-tax), due to a decline in market value, of which \$81 million after tax was recorded in the fourth quarter; and
- The Corporation's share of non-cash impairment charges recognized on goodwill, partially offset by the impact of remeasurement of redemption liabilities by LMPG, of \$177 million after tax (\$177 million pre-tax) of which \$87 million was recorded in the fourth quarter.

Corporate Operations and Other

Corporate operations and Other includes the contribution to net earnings and adjusted net earnings from the Corporation's other investment activities, as well as corporate operations of the holding company which includes operating expenses, financing charges, depreciation, income taxes, and dividends on non-participating and perpetual preferred shares.

Summary of corporate operations and other of the Corporation and Power Financial shown on a combined basis:

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Contribution to net earnings (loss)					
Other investments					
Investment funds	2	3	6	9	15
Other ¹	3	22	34	25	72
	5	25	40	34	87
Operating and other expenses					
Operating expenses ²	(60)	(54)	(57)	(219)	(182)
Depreciation	(2)	(2)	(2)	(7)	(7)
Fair value change of TSARs, net of hedge ³	2	5	(3)	10	1
Financing charges ⁴	(13)	(14)	(13)	(54)	(54)
Income taxes	–	–	(1)	(1)	(1)
	(73)	(65)	(76)	(271)	(243)
Dividends on non-participating and perpetual preferred shares	(51)	(48)	(48)	(194)	(192)
Net earnings (loss)	(119)	(88)	(84)	(431)	(348)

1 Includes foreign exchange gains or losses and interest on cash and cash equivalents.

2 Operating expenses in the twelve-month period ended December 31, 2025 included a charge of \$11 million, of which \$5 million was recognized in the fourth quarter, related to updated performance assumptions used in the measurement of performance share units (\$12 million in the twelve-month period ended December 31, 2024, recognized in the fourth quarter). Operating expenses related to Power Financial were \$90 million in the twelve-month period ended December 31, 2025 (\$69 million in the corresponding period in 2024).

3 The Corporation has attached tandem share appreciation rights (TSARs) to certain options, which are classified as cash-settled share-based payments. The Corporation has entered into total return swap agreements to manage exposure to the volatility of its cash-settled share-based payments and related liability. The fair value change of TSARs represents the change in fair value of the liability, net of the remeasurement to fair value of the derivative instruments.

4 Financing charges related to Power Financial were \$18 million in the twelve-month period ended December 31, 2025 (\$17 million in the corresponding period in 2024).

Adjustments (excluded from adjusted net earnings)

The following table presents the Corporation's share of Adjustments:

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Lifeco¹					
Market experience relative to expectations	(42)	28	26	(148)	146
Assumption changes and management actions	(19)	(17)	11	(60)	(102)
Business transformation and other impacts	(49)	(39)	(20)	(178)	(76)
Amortization of acquisition-related finite life intangible assets	(25)	(26)	(26)	(102)	(101)
Tax legislative changes and other tax impacts	–	7	10	15	10
	(135)	(47)	1	(473)	(123)
Effect of consolidation ²	(39)	(10)	(15)	(44)	(26)
	(174)	(57)	(14)	(517)	(149)
IGM¹					
Gain on partial sales of investment in associates	16	–	–	16	–
Tax loss consolidation	–	–	3	–	3
Rockefeller debt refinancing	–	–	–	–	(2)
Share of Lifeco's adjustments	(3)	(2)	–	(11)	(4)
	13	(2)	3	5	(3)
Effect of consolidation ²	–	1	16	13	17
	13	(1)	19	18	14
GBL					
Imerys impairment and other charges and currency translation reclassification	(155)	–	–	(155)	(44)
Loss on partial divestment of GBL Capital portfolio and Sienna Investment Managers	(25)	(67)	–	(92)	–
Affidea's gain on debt modification	–	–	–	22	–
	(180)	(67)	–	(225)	(44)
Sagard and Power Sustainable					
Remeasurement of deferred tax assets	–	–	16	–	16
Currency translation reclassification on Power Sustainable China	–	–	–	–	54
Revaluation of NCI liabilities and other market-related impacts	(118)	(35)	(28)	(116)	(82)
Restructuring charges	–	–	–	–	(14)
	(118)	(35)	(12)	(116)	(26)
Standalone businesses					
Gain on disposal of Peak and affiliated business	–	–	279	–	325
Lion impairment and other market-related impacts	–	–	(81)	–	(122)
LMPG impairment and other market-related impacts	–	–	(87)	–	(177)
LMPG remeasurement of deferred tax liabilities	–	–	–	12	–
	–	–	111	12	26
	(459)	(160)	104	(828)	(179)

1 As reported by Lifeco and IGM.

2 The Effect of consolidation reflects i) the elimination of intercompany transactions; and ii) the application of the Corporation's accounting method for investments under common ownership to the Adjustments reported by Lifeco and IGM, including a realized gain recognized by IGM in the second quarter of 2025 on the sale of a portion of its interest in Conquest, a corporate investment classified by IGM as FVOCI.

For additional information on each of Lifeco, IGM, GBL, Sagard and Power Sustainable and the Standalone businesses, refer to their respective "Adjustments" sections above. Also refer to the section "Non-IFRS Financial Measures" in this MD&A.

FINANCIAL POSITION

CONSOLIDATED BALANCE SHEETS (CONDENSED)

The condensed balance sheets of Lifeco, IGM, and the combined holding company balance sheet of Power Corporation and Power Financial, as well as the Alternative asset investment platforms and Other, are presented below. These tables reconcile the holding company balance sheet with the condensed consolidated balance sheet of the Corporation at December 31, 2025 and 2024, which are included in Note 35 of the 2025 Consolidated Financial Statements.

	December 31, 2025					
	Lifeco	IGM	Holding company	Alternative asset investment platforms and other ¹	Effect of consolidation	Power Corporation consolidated balance sheet
Assets						
Cash and cash equivalents	8,902	1,274	2,232	2,518	(560)	14,366
Investments	239,080	5,387	176	4,552	554	249,749
Investments in publicly traded operating companies, investment platforms and other:						
Lifeco and IGM	424	670	21,574	–	(22,668)	–
GBL ²	–	–	3,291	–	–	3,291
Other	1,075	2,397	1,609	–	(5,081)	–
Investments in jointly controlled corporations and associates	570	3,084	–	1,734	(544)	4,844
Insurance contract assets	1,571	–	–	–	–	1,571
Reinsurance contract held assets	16,850	–	–	–	–	16,850
Other assets	26,992	5,662	626	29,100	(177)	62,203
Intangible assets ³	4,912	1,291	1	915	(88)	7,031
Goodwill ³	11,283	2,637	–	334	407	14,661
Investments on account of segregated fund policyholders	551,169	–	–	–	–	551,169
Total assets	862,828	22,402	29,509	39,153	(28,157)	925,735
Liabilities						
Insurance contract liabilities	161,644	–	–	–	–	161,644
Investment contract liabilities	89,042	–	–	–	–	89,042
Reinsurance contract held liabilities	919	–	–	–	–	919
Obligations to securitization entities	–	4,815	–	–	–	4,815
Power Corporation's debentures and other debt instruments	–	–	647	–	–	647
Non-recourse debentures and other debt instruments of: ⁴						
Power Financial, Lifeco and IGM	8,792	2,400	250	–	(88)	11,354
Consolidated investment funds and Other	–	–	–	4,146	–	4,146
Other liabilities	18,259	6,149	1,350	32,327	(1,134)	56,951
Insurance contracts on account of segregated fund policyholders	70,418	–	–	–	–	70,418
Investment contracts on account of segregated fund policyholders	480,751	–	–	–	–	480,751
Total liabilities	829,825	13,364	2,247	36,473	(1,222)	880,687
Equity						
Limited recourse capital notes	1,500	–	–	–	(1,500)	–
Perpetual preferred shares	2,920	–	2,830	–	(5,750)	–
Non-participating shares	–	–	1,350	–	–	1,350
Participating shareholders' equity	25,437	8,944	23,082	2,280	(36,661)	23,082
Non-controlling interests ^{5,6}	3,146	94	–	400	16,976	20,616
Total equity	33,003	9,038	27,262	2,680	(26,935)	45,048
Total liabilities and equity	862,828	22,402	29,509	39,153	(28,157)	925,735

1 Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

2 Indirectly held through Parjointco. The holding company balance sheet includes the Corporation's investment in GBL, which is separately presented in Note 35 of the 2025 Consolidated Financial Statements.

3 The assets of Lifeco, IGM, and Alternative asset investment platforms and Other exclude the corporate allocation of goodwill and intangible assets.

4 The debentures and other debt instruments of controlled and consolidated investments are secured by their assets which are non-recourse to the Corporation.

5 Lifeco's non-controlling interests include the Participating Account surplus in subsidiaries.

6 Non-controlling interests in Effect of consolidation represent non-controlling interests in the equity of Lifeco, IGM, PSM, SHMI, and controlled and consolidated investments.

December 31, 2024

	Lifeco	IGM	Holding company	Alternative asset investment platforms and other ¹	Effect of consolidation	Power Corporation consolidated balance sheet
Assets						
Cash and cash equivalents	10,709	910	1,606	858	(339)	13,744
Investments	231,478	5,600	101	2,497	311	239,987
Investments in publicly traded operating companies, investment platforms and other:						
Lifeco and IGM	407	634	21,202	–	(22,243)	–
GBL ²	–	–	3,683	–	–	3,683
Other	705	1,331	1,738	–	(3,774)	–
Investments in jointly controlled corporations and associates	486	3,346	–	1,780	(494)	5,118
Insurance contract assets	1,193	–	–	–	–	1,193
Reinsurance contract held assets	17,842	–	–	–	–	17,842
Other assets	26,571	4,948	349	20,047	(160)	51,755
Intangible assets ³	4,958	1,277	1	828	(90)	6,974
Goodwill ³	11,428	2,637	–	204	408	14,677
Investments on account of segregated fund policyholders	496,386	–	–	–	–	496,386
Total assets	802,163	20,683	28,680	26,214	(26,381)	851,359
Liabilities						
Insurance contract liabilities	155,683	–	–	–	–	155,683
Investment contract liabilities	90,157	–	–	–	–	90,157
Reinsurance contract held liabilities	795	–	–	–	–	795
Obligations to securitization entities	–	5,025	–	–	–	5,025
Power Corporation's debentures and other debt instruments	–	–	647	–	–	647
Non-recourse debentures and other debt instruments of: ⁴						
Power Financial, Lifeco and IGM	9,469	2,400	250	–	(88)	12,031
Consolidated investment funds and Other	–	–	–	3,878	–	3,878
Other liabilities	17,019	5,387	1,073	20,050	(758)	42,771
Insurance contracts on account of segregated fund policyholders	66,343	–	–	–	–	66,343
Investment contracts on account of segregated fund policyholders	430,043	–	–	–	–	430,043
Total liabilities	769,509	12,812	1,970	23,928	(846)	807,373
Equity						
Limited recourse capital notes	1,500	–	–	–	(1,500)	–
Perpetual preferred shares	2,720	–	2,830	–	(5,550)	–
Non-participating shares	–	–	950	–	–	950
Participating shareholders' equity	25,321	7,801	22,930	1,972	(35,094)	22,930
Non-controlling interests ^{5,6}	3,113	70	–	314	16,609	20,106
Total equity	32,654	7,871	26,710	2,286	(25,535)	43,986
Total liabilities and equity	802,163	20,683	28,680	26,214	(26,381)	851,359

1 Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

2 Indirectly held through Parjointco. The holding company balance sheet includes the Corporation's investment in GBL, which is separately presented in Note 35 of the 2025 Consolidated Financial Statements.

3 The assets of Lifeco, IGM, and Alternative asset investment platforms and Other exclude the corporate allocation of goodwill and intangible assets.

4 The debentures and other debt instruments of controlled and consolidated investments are secured by their assets which are non-recourse to the Corporation. Comparative figures have been disaggregated to conform to the presentation in the current period.

5 Lifeco's non-controlling interests include the Participating Account surplus in subsidiaries.

6 Non-controlling interests in Effect of consolidation represent non-controlling interests in the equity of Lifeco, IGM, PSM, SHMI, and controlled and consolidated investments.

Consolidated assets and liabilities

Total assets of the Corporation increased to \$925.7 billion at December 31, 2025, compared with \$851.4 billion at December 31, 2024, mainly due to the following:

- Investments increased by \$9.8 billion, primarily due to an increase in Lifeco's bond volumes in Canada, Europe and the U.S., as well as higher fair value of bonds in the U.S., and an increase in public and private equity investments in Canada due to purchases and market appreciation.
- Investments on account of segregated fund policyholders, which are measured at fair value, increased by \$54.8 billion, primarily due to the combined impact of market value gains and investment income of \$52.4 billion related to net unrealized capital gains on investments, net deposits of \$1.9 billion, as well as an increase in non-controlling mutual funds interest of \$0.6 billion.

Liabilities increased to \$880.7 billion at December 31, 2025, compared with \$807.4 billion at December 31, 2024, mainly due to the following, as disclosed by Lifeco:

- Insurance contract liabilities increased by \$6.0 billion, primarily due to the impact of market movements and currency movements, partially offset by normal business movements.
- Investment contract liabilities decreased by \$1.1 billion, primarily due to the impact of currency movements and normal business movements, partially offset by market movements.
- Insurance and investment contracts on account of segregated fund policyholders increased by \$54.8 billion, primarily due to the combined impact of market value gains and investment income of \$52.4 billion related to net unrealized capital gains on investments, as well as net deposits of \$1.9 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. Refer to Part B of this MD&A for additional information.

Parts B and C of this MD&A include a discussion of the consolidated balance sheets of Lifeco and IGM, respectively.

HOLDING COMPANY BALANCE SHEETS

In the holding company balance sheets shown below, Power Corporation and Power Financial are shown on a combined basis; investments in subsidiaries are presented using the equity method. This presentation assists the reader by identifying changes in the combined holding company balance sheet of Power Corporation and Power Financial, and presents the investment activities, as well as the holding company's assets and liabilities, including cash, debentures and non-participating shares.

	December 31, 2025	December 31, 2024
Holding company assets		
Cash and cash equivalents ¹	2,232	1,606
Investment in:		
Lifeco	17,237	17,108
IGM	4,337	4,094
GBL ²	3,291	3,683
Sagard and Power Sustainable ³	1,525	1,649
Standalone businesses ⁴	84	89
Other assets and investments ⁵	803	451
Total holding company assets	29,509	28,680
Holding company liabilities		
Debentures and other debt instruments ⁶	897	897
Other liabilities	1,350	1,073
Total holding company liabilities	2,247	1,970
Holding company equity		
Perpetual preferred shares ⁷	2,830	2,830
Non-participating shares	1,350	950
Participating shareholders' equity	23,082	22,930
Total holding company equity	27,262	26,710
Total holding company liabilities and equity	29,509	28,680

¹ Cash equivalents include \$560 million (\$339 million at December 31, 2024) of fixed income securities with maturities of more than three months. In accordance with IFRS, these are classified as investments in the 2025 Consolidated Financial Statements.

² Indirectly held through Parjointco.

³ Includes Power Financial's investments in Portage Ventures I, Portage Ventures II and Wealthsimple, presented using the equity method.

⁴ Controlled standalone business is presented using the equity method for purposes of the holding company presentation.

⁵ Includes \$83 million of dividends declared in the fourth quarter by IGM (same as at December 31, 2024) and received by Power Financial on January 30, 2026. Other investments include portfolio investments in private investment funds, classified as FVPL. At December 31, 2025, the Corporation had outstanding commitments to make future capital contributions to these funds for an aggregate amount of \$26 million.

⁶ Includes Power Financial's debentures of \$250 million at December 31, 2025 (same as at December 31, 2024).

⁷ Perpetual preferred shares issued by Power Financial.

Cash and cash equivalents

Cash and cash equivalents held by the Corporation and Power Financial amounted to \$2,232 million at December 31, 2025, compared with \$1,606 million at the end of December 2024 (see "Holding Company Statements of Cash Flows" below for details).

The cash and cash equivalents held within the investment activities of Sagard and Power Sustainable amounted to \$30 million at December 31, 2025 (\$51 million at December 31, 2024) and are included in the carrying amount of the investment platforms.

Investments

INVESTMENTS IN LIFECO, IGM AND GBL (AT EQUITY)

The table below presents a continuity of the investments in Lifeco, IGM and GBL, which are presented using the equity method for the purposes of the holding company presentation. The carrying value of the investments in Lifeco, IGM and GBL, accounted for using the equity method, decreased to \$24,865 million at December 31, 2025, compared with \$24,885 million at December 31, 2024:

	Lifeco	IGM	GBL ¹	Total
Carrying value, beginning of year	17,108	4,094	3,683	24,885
Contribution from adjusted net earnings	3,138	640	(38)	3,740
Contribution from adjustments	(517)	18	(225)	(724)
Disposals	(768)	–	–	(768)
Share of other comprehensive income (loss)	(11)	(28)	46	7
Dividends	(1,544)	(333)	(175)	(2,052)
Effect of changes in ownership and other	(169)	(54)	–	(223)
Carrying value, at December 31, 2025	17,237	4,337	3,291	24,865

¹ Indirectly held through Parjointco.

ALTERNATIVE ASSET INVESTMENT PLATFORMS

The table below presents the components of the alternative asset investment platforms, Sagard and Power Sustainable. The asset management companies, and controlled and consolidated investments held through the investment platforms, are presented using the equity method for the purposes of the holding company presentation.

Alternative asset investment platforms are comprised of the following investments:

Carrying value, at	December 31, 2025	December 31, 2024
Asset management companies		
Sagard	164	115
Power Sustainable	–	2
Investing activities		
Sagard ¹	1,182	1,031
Power Sustainable	179	501
	1,525	1,649

¹ Includes Power Financial's investments in Portage Ventures I, Portage Ventures II and Wealthsimple.

Income Taxes

The non-capital losses of the holding company, at December 31, 2025, were \$1,524 million (\$1,521 million for which the benefits have not been recognized) and are available to reduce future taxable income (including capital gains). These losses expire from 2028 to 2045.

The capital losses of the holding company, at December 31, 2025, were \$192 million (\$98 million for which the benefits have not been recognized) and can be used indefinitely to offset capital gains.

In addition, at December 31, 2025, deductible temporary differences for which the benefits have not been recognized were \$570 million.

Equity

NON-PARTICIPATING SHARES

Non-participating (preferred) shares of the Corporation consist of seven series of First Preferred Shares with an aggregate share capital of \$1,350 million at December 31, 2025 (\$950 million at December 31, 2024), all of which are non-cumulative. All series are perpetual preferred shares and are redeemable in whole or in part solely at the Corporation's option.

On September 22, 2025, the Corporation issued 8,000,000 5.75% Non-Cumulative First Preferred Shares, Series H at \$25.00 per share, for gross proceeds of \$200 million. Refer to Note 19 of the 2025 Consolidated Financial Statements for additional information.

On November 20, 2025, the Corporation issued 8,000,000 5.65% Non-Cumulative First Preferred Shares, Series I at \$25.00 per share, for gross proceeds of \$200 million. Refer to Note 19 of the 2025 Consolidated Financial Statements for additional information.

The terms and conditions of the other outstanding First Preferred Shares are described in Note 19 of the Corporation's 2025 Consolidated Financial Statements.

PARTICIPATING SHAREHOLDERS' EQUITY

Participating shareholders' equity was \$23,082 million at December 31, 2025, compared with \$22,930 million at December 31, 2024:

Twelve months ended December 31	2025	2024
Participating shareholders' equity, at the beginning of the year	22,930	21,193
Changes in participating shares		
Purchase for cancellation of subordinate voting shares under NCIB	(190)	(161)
Issuance of subordinate voting shares (3,305,264 shares in 2025 and 3,165,255 shares in 2024) under the Corporation's Executive Stock Option Plans	113	113
	(77)	(48)
Changes in retained earnings		
Net earnings before dividends on non-participating shares	2,627	2,795
Dividends declared	(1,623)	(1,509)
Purchase for cancellation of subordinate voting shares under NCIB	(521)	(269)
Realized gains on FVOCI equity instruments transferred to retained earnings	29	238
Effects of changes in capital and ownership of subsidiaries, and other	(202)	104
	310	1,359
Changes in reserves		
Other comprehensive income (loss)		
Foreign currency translation adjustments	(329)	663
Investment revaluation and cash flow hedges	277	(210)
Actuarial gains (losses) on defined benefit plans	62	158
Share of Parjointco and other jointly controlled corporations and associates	(89)	(104)
Share-based compensation, including the effect of changes in capital and ownership of subsidiaries	(2)	(81)
	(81)	426
Participating shareholders' equity, at December 31	23,082	22,930

The book value per participating share (refer to the section "Other Measures") of the Corporation was \$36.31 at December 31, 2025, compared with \$35.56 at the end of 2024.

OUTSTANDING NUMBER OF PARTICIPATING SHARES

At the date of this MD&A, there were 54,860,866 Participating Preferred Shares of the Corporation outstanding (same as at December 31, 2024), and 577,955,198 Subordinate Voting Shares of the Corporation outstanding, compared with 589,948,328 at December 31, 2024.

At the date of this MD&A, options were outstanding to purchase up to an aggregate of 13,932,337 Subordinate Voting Shares of the Corporation, including 3,125,198 Subordinate Voting Shares issuable pursuant to options under the Power Financial Employee Stock Option Plan, which has been assumed by the Corporation, and 323,542 Subordinate Voting Shares were issuable pursuant to outstanding performance restricted share units.

NORMAL COURSE ISSUER BIDS

The Corporation's NCIB that commenced on March 1, 2024 expired on February 28, 2025. On March 1, 2025, the Corporation commenced a new NCIB which was effective until February 28, 2026. Pursuant to this bid, the Corporation was able to purchase up to 20 million of its Subordinate Voting Shares outstanding (representing approximately 3.7% of the public float of Subordinate Voting Shares outstanding at February 18, 2025) at market prices.

The Corporation repurchased and cancelled 12.4 million Subordinate Voting Shares for a total of \$711 million in the twelve-month period ended December 31, 2025 (10.6 million Subordinate Voting Shares for a total of \$430 million in the twelve-month period ended December 31, 2024).

SUBSEQUENT EVENT

On March 1, 2026, the Corporation commenced a new NCIB which is effective until the earlier of February 28, 2027 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Pursuant to this bid, the Corporation may purchase up to 20 million of its Subordinate Voting Shares outstanding (representing approximately 3.8% of the public float of Subordinate Voting Shares outstanding at February 16, 2026) at market prices. At March 18, 2026, the Corporation has repurchased 3.0 million Subordinate Voting Shares for a total of \$206 million under the NCIB programs during 2026.

In connection with its NCIB, the Corporation has entered into an automatic share purchase plan (ASPP) and may provide parameters thereunder from time to time to allow a designated broker to purchase Subordinate Voting Shares under the NCIB at times when the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. Outside of these predetermined trading blackout periods, purchases under the Corporation's NCIB will be completed at management's discretion. The ASPP has been effective since March 1, 2026, the commencement date of the new NCIB.

ADJUSTED NET ASSET VALUE

Adjusted net asset value is presented for Power Corporation and represents management's estimate of the fair value of the participating shareholders' equity of the Corporation. Adjusted net asset value is calculated as the fair value of the assets of the combined Power Corporation and Power Financial holding company less their net debt and preferred shares. In determining the fair value of assets, investments in subsidiaries, jointly controlled corporations and associates are adjusted to fair value as follows:

- Investments in publicly traded companies are valued at their market value, measured as the closing share price on the reporting date;
- Investments in private entities, including debt instruments, are valued at fair value based on management's estimate using consistently applied valuation models either based on a valuation multiple or discounted cash flows. Certain valuations are prepared by external valuers or subject to review by external valuers. Market-comparable transactions are generally used to corroborate the estimated fair value. The value of investments in private entities is presented net of any management incentives; and
- Investments in investment funds are valued at the fair value reported by the fund which is net of carried interest or other incentives.

The presentation of the participating shareholders' equity at fair value is not in accordance with IFRS; adjusted net asset value is a non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures" for a description and a reconciliation of IFRS and non-IFRS financial measures.

The Corporation's adjusted net asset value is presented on a look-through basis. The combined holding company balance sheets of Power Corporation and Power Financial include the investments held in public entities through Power Financial (Lifeco, IGM and GBL), and the net debt and preferred shares of Power Financial. The adjusted net asset value per share, a non-IFRS ratio, was \$85.77 at December 31, 2025, compared with \$60.44 at December 31, 2024, representing an increase of 41.9%. The Corporation's book value per participating share (refer to the section "Other Measures") was \$36.31 at December 31, 2025, compared with \$35.56 at December 31, 2024, representing an increase of 2.1%.

	December 31, 2025			December 31, 2024		
	Holding company balance sheet	Fair value adjustment	Adjusted net asset value	Holding company balance sheet	Fair value adjustment	Adjusted net asset value
Holding company assets						
Investments						
Power Financial						
Lifeco	17,237	24,910	42,147	17,108	13,184	30,292
IGM	4,337	4,807	9,144	4,094	2,698	6,792
GBL ¹	3,291	(600)	2,691	3,683	(1,521)	2,162
Alternative asset investment platforms						
Asset management companies ²						
Sagard	164	244	408	115	314	429
Power Sustainable	–	–	–	2	–	2
Investing activities						
Sagard ³	1,182	1,357	2,539	1,031	721	1,752
Power Sustainable	179	723	902	501	652	1,153
Standalone businesses	84	3	87	89	(4)	85
Cash and cash equivalents	2,232	–	2,232	1,606	–	1,606
Other assets and investments	803	–	803	451	–	451
Total holding company assets	29,509	31,444	60,953	28,680	16,044	44,724
Holding company liabilities and non-participating shares						
Debtentures and other debt instruments	897	–	897	897	–	897
Other liabilities ⁴	1,350	–	1,350	1,073	–	1,073
Non-participating shares and perpetual preferred shares	4,180	–	4,180	3,780	–	3,780
Total holding company liabilities and non-participating shares	6,427	–	6,427	5,750	–	5,750
Net value						
Participating shareholders' equity (IFRS) / Adjusted net asset value (non-IFRS)	23,082	31,444	54,526	22,930	16,044	38,974
Per share	36.31		85.77	35.56		60.44

1 The Corporation's share of GBL's reported net asset value was \$3.9 billion (€2.4 billion) at December 31, 2025 (\$3.9 billion (€2.6 billion) at December 31, 2024).

2 The management company of Sagard is presented at its fair value. The management company of Power Sustainable is presented at its carrying value.

3 Includes the Corporation's investments in Portage Ventures I, Portage Ventures II and Wealthsimple, held by Power Financial.

4 In accordance with IAS 12, *Income Taxes*, no deferred tax liability is recognized with respect to temporary differences associated with investments in subsidiaries and jointly controlled corporations as the Corporation is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. If the Corporation were to dispose of an investment in a subsidiary or a jointly controlled corporation, income taxes payable on such disposition would be minimized through careful and prudent tax planning and structuring, as well as with the use of available tax attributes not otherwise recognized on the balance sheet, including tax losses, tax basis, safe income and foreign tax surplus associated with the subsidiary or jointly controlled corporation.

Investments measured at market value and cash represent 92.4% of the total assets at fair value at December 31, 2025 (91.7% at December 31, 2024). A 10% change in the market value of publicly traded investments would result in a change in the Corporation's adjusted net asset value of \$5,407 million or \$8.51 per share.

CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)

The condensed cash flows of Lifeco, IGM and the holding company cash flows of Power Corporation and Power Financial on a combined basis, as well as the Corporation's alternative asset investment platforms, are presented below. These tables reconcile the holding company statement of cash flows to the condensed consolidated statement of cash flows of the Corporation for the twelve-month periods ended December 31, 2025 and 2024, which are included in Note 35 of the 2025 Consolidated Financial Statements. This presentation assists the reader in assessing the cash flows of the holding company.

Twelve months ended December 31	2025					
	Lifeco	IGM	Holding company	Alternative asset investment platforms and Other ¹	Effect of consolidation	Power Corporation consolidated
Cash flows from:						
Operating activities	2,708	1,035	1,791	961	(1,715)	4,780
Financing activities	(4,322)	(972)	(1,958)	1,307	2,274	(3,671)
Investing activities	(56)	301	793	(606)	(780)	(348)
Effect of changes in exchange rates on cash and cash equivalents	(137)	–	–	(2)	–	(139)
Increase (decrease) in cash and cash equivalents	(1,807)	364	626	1,660	(221)	622
Cash and cash equivalents, beginning of the year	10,709	910	1,606	858	(339)	13,744
Cash and cash equivalents, at December 31	8,902	1,274	2,232	2,518	(560)	14,366

1 Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

Twelve months ended December 31	2024					
	Lifeco	IGM	Holding company	Alternative asset investment platforms and Other ¹	Effect of consolidation	Power Corporation consolidated
Cash flows from:						
Operating activities	4,751	1,092	1,688	(37)	(1,603)	5,891
Financing activities	(2,285)	(253)	(1,958)	1,090	2,146	(1,260)
Investing activities	(408)	(474)	658	(861)	(675)	(1,760)
Effect of changes in exchange rates on cash and cash equivalents	534	–	–	27	–	561
Increase (decrease) in cash and cash equivalents	2,592	365	388	219	(132)	3,432
Cash and cash equivalents, beginning of the year	8,117	545	1,218	639	(207)	10,312
Cash and cash equivalents, at December 31	10,709	910	1,606	858	(339)	13,744

1 Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

Consolidated cash and cash equivalents increased by \$622 million in the twelve-month period ended December 31, 2025, compared with an increase of \$3,432 million in the corresponding period in 2024.

Operating activities produced a net inflow of \$4,780 million in the twelve-month period ended December 31, 2025, compared with a net inflow of \$5,891 million in the corresponding period in 2024.

Cash flows from financing activities, which include the issuance and repayment of capital instruments, the issuance and repurchase of participating and preferred shares, the issuance and redemption of common shares, limited-life fund and redeemable units by subsidiaries, dividends paid on the participating and non-participating shares of the Corporation, dividends paid by subsidiaries to non-controlling interests and increases and repayments of obligations to securitization entities by IGM, represented a net outflow of \$3,671 million in the twelve-month period ended December 31, 2025, compared with a net outflow of \$1,260 million in the corresponding period in 2024.

Cash flows from investing activities resulted in a net outflow of \$348 million in the twelve-month period ended December 31, 2025, compared with a net outflow of \$1,760 million in the corresponding period in 2024.

Parts B and C of this MD&A include a discussion of the cash flows of Lifeco and IGM, respectively.

HOLDING COMPANY STATEMENTS OF CASH FLOWS

As Power Corporation is a holding company, corporate cash flows are primarily comprised of dividends received, income from investments and income (loss) from cash and cash equivalents, less operating expenses, financing charges, income taxes, and non-participating and participating share dividends.

The following combined statements of cash flows of Power Corporation and Power Financial present the cash flows of the holding company. This presentation has been prepared to assist the reader as it isolates the cash flows of the activities of the holding company.

Twelve months ended December 31	2025	2024
Operating activities of the holding company		
Dividends		
Lifeco	1,544	1,411
IGM	333	333
GBL	175	92
Corporate operations, net of non-cash items ¹	(261)	(148)
	1,791	1,688
Financing activities of the holding company		
Dividends paid on:		
Non-participating shares	(52)	(52)
Participating shares	(1,541)	(1,437)
Perpetual preferred shares	(139)	(140)
Issuance of non-participating shares	400	–
Issuance of subordinate voting shares	104	103
Repurchase of subordinate voting shares	(711)	(430)
Other ²	(19)	(2)
	(1,958)	(1,958)
Investing activities of the holding company		
Distributions and proceeds from disposal of investments ³	595	1,109
Disposal of Lifeco shares	768	–
Purchase of investments	(562)	(441)
Other	(8)	(10)
	793	658
Increase in cash and cash equivalents	626	388
Cash and cash equivalents, at the beginning of the year	1,606	1,218
Cash and cash equivalents, at December 31	2,232	1,606

¹ Includes changes in short-term receivables from, and payables to, investment platforms.

² Includes share issuance costs incurred in the third and fourth quarters of 2025.

³ Includes proceeds from the sale of direct investments in energy infrastructure in the second quarter of 2025 and from the disposal of the Corporation's investments within Power Sustainable China in 2024.

Cash and cash equivalents of the Corporation and Power Financial increased by \$626 million in the twelve-month period ended December 31, 2025, compared with an increase of \$388 million in the corresponding period in 2024.

Operating activities resulted in a net inflow of \$1,791 million in the twelve-month period ended December 31, 2025, compared with a net inflow of \$1,688 million in the corresponding period in 2024. Dividends received from the publicly traded operating companies include:

Twelve months ended December 31	2025		2024	
(in millions of dollars; except as otherwise noted)	Dividend per share	Total dividend received	Dividend per share	Total dividend received
Lifeco	2.44	1,544	2.22	1,411
IGM	2.25	333	2.25	333

- Total dividend received from Parjointco was \$175 million (€112 million) for the period ended December 31, 2025, compared with \$92 million (€62 million) for the period ended December 31, 2024.
- On February 11, 2026, subsequent to year-end, Lifeco announced a 10% increase in the quarterly dividend on its common shares, from \$0.6100 per share to \$0.6700 per share, payable on March 31, 2026.
- On February 12, 2026, subsequent to year-end, IGM announced a 10% increase in the quarterly dividend on its common shares, from \$0.5625 per share to \$0.6200 per share, payable on April 30, 2026.

The Corporation's financing activities during the twelve-month period ended December 31, 2025 resulted in a net outflow of \$1,958 million, comparable with the corresponding period in 2024, and included:

- Dividends paid on non-participating and participating shares by the Corporation of \$1,593 million, compared with \$1,489 million in the corresponding period in 2024. In the twelve-month period ended December 31, 2025, dividends paid on the Corporation's participating shares were \$2.4000 per share, compared with \$2.2125 in the corresponding period in 2024.
- Dividends paid on preferred shares by Power Financial of \$139 million, compared with \$140 million in the corresponding period in 2024.
- Issuance of non-participating shares of the Corporation for \$400 million, compared with no issuance in 2024.
- Issuance of Subordinate Voting Shares of the Corporation for \$104 million pursuant to the Corporation's Executive Stock Option Plan and the Power Financial Employee Stock Option Plan, compared with issuance for an amount of \$103 million in the corresponding period in 2024.
- Repurchase of Subordinate Voting Shares of \$711 million, as part of the NCIB, in the twelve-month period ended December 31, 2025, compared with repurchase for an amount of \$430 million in the corresponding period in 2024.

The Corporation's investing activities during the twelve-month period ended December 31, 2025 resulted in a net inflow of \$793 million, compared with a net inflow of \$658 million in the corresponding period in 2024. The twelve-month period ended December 31, 2025 includes proceeds of \$768 million from the sale of Lifeco shares through Power Financial's participation in Lifeco's NCIB to maintain its approximate proportionate ownership.

Proceeds from disposal of investments and purchase of investments are comprised of investment activities of the Corporation and in its investment platforms.

The Corporation increased its level of fixed income securities with maturities of more than three months, resulting in a net outflow of \$221 million in the twelve-month period ended December 31, 2025, compared with a net outflow of \$36 million in the corresponding period in 2024.

CAPITAL MANAGEMENT

As a holding company, Power Corporation's objectives in managing its capital are to:

- provide attractive long-term returns to shareholders of the Corporation;
- provide sufficient financial flexibility to pursue its growth strategy to invest on a timely basis in its operating companies and other investments as opportunities arise;
- maintain a capital structure that matches the long-term nature of its investments by maximizing the use of permanent capital;
- maintain an appropriate credit rating to ensure stable access to the capital markets; and
- maintain a prudent amount of available cash and cash equivalents.

The Corporation manages its capital taking into consideration the risk characteristics and liquidity of its holdings. In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue capital.

The Board of Directors of the Corporation is responsible for capital management. Management of the Corporation is responsible for establishing capital management procedures and for implementing and monitoring its capital plans. The Board of Directors of the Corporation reviews and approves capital transactions such as the issuance, redemption and repurchase of participating shares, non-participating shares and debentures. The boards of directors of the Corporation's subsidiaries, as well as those of Parjointco and GBL, oversee and have the responsibility for their respective company's capital management.

With the exception of debentures and other debt instruments, the Corporation's capital is permanent, matching the long-term nature of its investments. The capital structure of the Corporation consists of: debentures, non-participating shares, participating shareholders' equity, and non-controlling interests. The Corporation views non-participating shares as a cost-effective source of permanent capital.

The Corporation's consolidated capitalization includes the debentures, preferred shares and other equity instruments, and other debt instruments issued by its consolidated subsidiaries. Debentures and other debt instruments issued by Power Financial, Lifeco, IGM and consolidated investment funds and other are non-recourse to the Corporation. The Corporation does not guarantee debt issued by its subsidiaries. Non-participating shares and total equity accounted for 74% of consolidated capitalization at December 31, 2025.

	December 31, 2025	December 31, 2024
Debentures and other debt instruments		
Power Corporation	647	647
Power Financial	250	250
Lifeco	8,792	9,469
IGM	2,400	2,400
Consolidated investment funds and Other ¹	4,146	3,878
Effect of consolidation	(88)	(88)
	15,500	15,909
	16,147	16,556
Non-participating shares and other equity instruments		
Power Corporation	1,350	950
Power Financial	2,830	2,830
Lifeco	4,420	4,220
	7,250	7,050
	8,600	8,000
Equity		
Participating shareholders' equity	23,082	22,930
Non-controlling interests ²	13,366	13,056
	36,448	35,986
	61,195	60,542

¹ Includes other debt instruments of consolidated investment funds and their controlled investments and standalone businesses; consists of \$613 million (\$531 million in 2024) of debt including revolving credit facilities and mortgages on investment properties held by the investment funds and other subsidiaries, \$3,287 million (\$3,091 million in 2024) of project-related debt held within the Power Sustainable Energy Infrastructure platform, and \$246 million (\$256 million in 2024) of other debt held by standalone businesses. The other debt instruments are secured by the assets of the controlled investments which are non-recourse to the Corporation. The other debt instruments held by standalone businesses are subject to certain financial covenants including a minimum cumulative earnings before interest, income taxes, depreciation and amortization (EBITDA) covenant. At December 31, 2025, this covenant was not in compliance. The lenders have provided a tolerance letter valid until April 30, 2026. See Note 16 B) to the 2025 Consolidated Financial Statements for additional information.

² Represents the non-controlling equity interests of the Corporation's subsidiaries excluding Power Financial and Lifeco's preferred shares and limited recourse capital notes, which are shown in this table as non-participating shares.

Power Corporation

- The Corporation filed a short-form base shelf prospectus dated November 19, 2024, pursuant to which, for a period of 25 months thereafter, the Corporation may issue First Preferred Shares, Subordinate Voting Shares, subscription receipts and unsecured debt securities, or any combination thereof. This filing provides the Corporation with the flexibility to access debt and equity markets on a timely basis.
- The Corporation commenced an NCIB on March 1, 2025 which was effective until February 28, 2026. Refer to the section "Participating Shareholders' Equity" for more information.
- On September 22, 2025, the Corporation issued 8,000,000 5.75% Non-Cumulative First Preferred Shares, Series H at \$25.00 per share, for gross proceeds of \$200 million. The net proceeds will be used for general corporate purposes.
- On November 20, 2025, the Corporation issued 8,000,000 5.65% Non-Cumulative First Preferred Shares, Series I at \$25.00 per share, for gross proceeds of \$200 million. The net proceeds will be used for general corporate purposes.

SUBSEQUENT EVENT

- The Corporation commenced an NCIB on March 1, 2026 which is effective until the earlier of February 28, 2027 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Refer to the section "Participating Shareholders' Equity" for more information.

Power Financial

- Power Financial filed a short-form base shelf prospectus dated November 28, 2024, pursuant to which, for a period of 25 months thereafter, Power Financial may issue up to an aggregate of \$3 billion of First Preferred Shares and unsecured debt securities, or any combination thereof. This filing provides the Corporation with the flexibility to access debt and equity markets on a timely basis through Power Financial.

Lifeco

- On August 12, 2025, Lifeco's subsidiary repaid its 0.904% US\$500 million senior unsecured notes upon maturity, together with accrued interest.
- On September 24, 2025, Lifeco issued 8,000,000 5.70% Non-Cumulative First Preferred Shares, Series Z at \$25.00 per share for gross proceeds of \$200 million.

The Corporation itself is not subject to externally imposed regulatory capital requirements; however, Lifeco and certain of its main subsidiaries, certain of IGM's subsidiaries and certain of the Corporation's other subsidiaries are subject to regulatory capital requirements. Parts B and C of this MD&A further describe the capital management activities of Lifeco and IGM, respectively. See Note 22 to the Corporation's 2025 Consolidated Financial Statements for additional information.

RATINGS

The current rating by Standard & Poor's (S&P) of the Corporation's debentures is "A+" with a stable outlook. Morningstar DBRS' current rating on the Corporation's debentures is "A" with a stable rating trend.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the 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. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites. These ratings are not a recommendation to buy, sell or hold the securities of a corporation 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 organization.

The "A+" rating assigned to the Corporation's debentures by S&P is the fifth highest of the 22 ratings used for long-term debt. A long-term debenture rated "A+" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories; however, the obligor's capacity to meet its financial commitment on the obligation is still strong.

The "A" rating assigned to the Corporation's debentures by Morningstar DBRS is the sixth highest of the 26 ratings used for long-term debt. A long-term debenture rated "A" implies that the capacity for repayment is substantial, but of lesser credit quality than AA, and may be vulnerable to future events, although qualifying negative factors are considered manageable.

The current rating by S&P of Power Financial's debentures is "A+" with a stable outlook. Morningstar DBRS' current rating on Power Financial's debentures is "A (High)" with a stable trend.

Parts B and C of this MD&A provide information on the ratings of the debentures of Lifeco and IGM, respectively.

RISK MANAGEMENT

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses including a portfolio of alternative asset investment platforms. The Corporation, through Power Financial, holds a controlling interest in Lifeco and IGM and also holds a joint controlling interest in Parjointco, which itself holds a controlling interest in GBL. As a result, the Corporation bears the risks associated with being a significant shareholder of these operating companies. A complete description of these risks is presented in their public disclosures. The respective boards of directors of Lifeco, IGM and GBL are responsible for the risk oversight function at their respective companies. The risk committees of the boards of directors of Lifeco and IGM are responsible for their risk oversight. Certain officers of the Corporation are members of these boards and committees of these boards, including the risk committees, and, consequently, in their role as directors, they participate in the risk oversight function at the operating companies. Parts B and C of this MD&A further describe risks related to Lifeco and IGM, respectively.

RISK OVERSIGHT

The Corporation believes that a prudent approach to risk is achieved through a governance model that focuses on the active oversight of its investments. Management, under the Board of Directors' oversight, is responsible for risk management associated with the investment activities and operations of the holding company and maintains a comprehensive and appropriate set of policies and controls.

The Board of Directors provides oversight over risk management primarily through the following committees:

- The Audit Committee addresses risks related to financial reporting, cybersecurity and the use of artificial intelligence.
- The Human Resources Committee considers risks associated with the Corporation's compensation policies and practices.
- The Governance and Sustainability Committee oversees the Corporation's approach to appropriately address potential risks related to governance and sustainability matters.
- The Related Party and Conduct Review Committee reviews and considers for approval transactions with related parties of the Corporation.

There are certain risks inherent in an investment in the securities of the Corporation and in the activities of the Corporation, including the following and others discussed elsewhere in this MD&A, which investors should carefully consider before investing in securities of the Corporation. The following is a review of certain risks that could impact the financial condition and financial performance, and the value of the equity of the Corporation. This description of risks does not include all possible risks, and there may be other risks of which the Corporation is not currently aware.

The following section discusses the risks specific to the Corporation including the liquidity risk, credit risk and market risk of the Corporation including Power Financial and the alternative asset investment platforms. Refer to Parts B and C of this MD&A for a specific discussion of the management of risk at Lifeco and IGM.

STRATEGIC RISK

Strategic risk arises as a result of ineffective strategic decision making, inadequate strategies or a lack of responsiveness to important changes to the business environment, including macroeconomic or country risk events, or changes to the regulatory environment. In addition, strategic risk includes risks associated with the Corporation's holding company structure and potential future acquisitions.

The successful execution of the Corporation's investment strategy is uncertain as it requires suitable opportunities, careful timing and business judgment. The Corporation's approach consists in overseeing, through the Board of Directors, its operating businesses and investments with a view to generate long-term, sustainable growth in earnings and dividends. The Corporation aims to act like an owner with a long-term perspective and a strategic vision anchored in strong core values.

The Chief Executive Officer is responsible for developing the Corporation's proposed strategic plans, in light of emerging opportunities and risks and with a view to the Corporation's sustained profitable growth and long-term value creation, and for implementing the approved strategic plans. The Board of Directors is responsible for approving the long-term goals and objectives for the Corporation, and, after considering alternatives, approving the strategic plans developed by the Chief Executive Officer. The Board of Directors also monitors senior management's implementation of the approved plans; assesses the achievement of the Corporation's goals and objectives; reviews and approves on at least an annual basis management's financial plan; and reviews and approves any significant transactions and strategic capital management decisions regarding the Corporation.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation would not be able to meet all cash outflow obligations as they come due or not be able to, in a timely manner, raise capital or monetize assets at normal market conditions.

As a holding company, Power Corporation's ability to meet its obligations, including payment of interest, other operating expenses and dividends, and to complete current or desirable future enhancement opportunities or acquisitions generally depends upon dividends from its principal operating subsidiaries, investment platforms and other investments, and its ability to raise additional capital. Dividends to shareholders of Power Corporation is at the discretion of its Board of Directors and is dependent on the operating performance, profitability, financial position and creditworthiness of its subsidiaries, jointly controlled corporations and associates, as well as on their ability to pay dividends. The payment of interest and dividends by the Corporation's principal subsidiaries is subject to restrictions set out in relevant corporate and insurance laws and regulations, which require that solvency and capital ratios be maintained. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiary to pay dividends.

The Corporation makes certain investments through its investment platforms in the securities of private companies and illiquid securities. These investments may offer relatively high potential returns, but may also be subject to a relatively higher degree of risk. From time to time, it may be in the best interests of the Corporation to exit these investments. However, securities of private companies and illiquid securities may not have a ready market and the Corporation may be unable to sell such securities at acceptable prices on a timely basis or at all. Illiquidity may limit the Corporation's ability to realize a return or to vary components of its investment portfolio promptly in response to changing conditions. In some cases, the Corporation may also be restricted by contract or by applicable laws from selling such securities for a period of time. The valuation of private companies is inherently difficult because there is a certain level of uncertainty in the assumptions used to determine the fair value of these investments.

The Corporation and Power Financial regularly review their liquidity requirements and seek to maintain a sufficient level of liquidity to meet their operating expenses, financing charges and payment of preferred share dividends for a reasonable period of time, as defined in their policies. The ability of Power Corporation, including through Power Financial, to arrange additional financing in the future will depend in part upon prevailing market conditions as well as the business performance and the risk profile of the Corporation and its subsidiaries. Although the Corporation has been able to access capital on financial markets in the past, there can be no assurance this will be possible in the future. The inability of Power Corporation to access sufficient capital on acceptable terms could have a material adverse effect on Power Corporation's business, prospects, dividend paying capability and financial condition, and further enhancement opportunities or acquisitions.

The Corporation held \$2.2 billion of cash and cash equivalents, including fixed income securities and amounts held by Power Financial, at December 31, 2025. Liquidity is also available through the Corporation's lines of credit with Canadian banks. The Corporation has a committed line of credit of \$500 million. The Corporation also maintains an uncommitted line of credit of \$100 million, and any advances are at the bank's sole discretion. At December 31, 2025 and 2024, the Corporation was not utilizing its committed line of credit or uncommitted line of credit.

The investment platforms including the controlled and consolidated investments have committed and uncommitted lines of credit of \$1,081 million and \$357 million, respectively, with Canadian and U.S. banks (\$612 million and \$294 million, respectively, was undrawn at December 31, 2025).

Principal repayments on debentures and other debt instruments, and client funds payable (other than those of Lifeco and IGM) represent the only significant contractual liquidity requirements. The debt instruments of Power Financial as well as those held by the investment platforms, including the controlled and consolidated investments, are non-recourse to the Corporation.

Contractual maturities of certain liabilities were as follows:

December 31, 2025	Payments due by period				Total
	Demand	1 year or less	1-5 years	Over 5 years	
Client funds payable ¹	21,494	–	–	–	21,494
Power Corporation's debentures	–	–	–	650	650
Non-recourse debentures and other debt instruments					
Power Financial	–	–	–	250	250
Consolidated investment funds and Other	–	1,316	1,033	1,891	4,240
Future lease payments	–	47	174	617	838
Pension contributions	–	16	–	–	16
	21,494	1,379	1,207	3,408	27,488

¹ Client funds payable due on demand are primarily offset by other subsidiaries' funds held on behalf of clients.

Power Corporation and Power Financial believe their ongoing cash flows from operations, available cash balances and liquidity available through their lines of credit are sufficient to address their liquidity needs.

Power Corporation, Power Financial and the investment platforms' management of liquidity risk has not changed materially since December 31, 2024.

CREDIT RISK AND MARKET RISK

In order to maintain an appropriate level of available liquidity, the Corporation maintains a portfolio of financial instruments which can be a combination of cash and cash equivalents, fixed income securities, other investments (consisting of equity securities and investment funds) and derivatives. The Corporation also holds, through Power Financial and its investment platforms, shares of private and publicly traded companies, funds held on behalf of clients, securities borrowed, other loans and derivatives. Those investments bear credit and market risks as described in the following sections.

Credit risk

Credit risk is the potential for financial loss to the Corporation if a counterparty in a transaction fails to meet its payment obligations. Credit risk can be related to the default of a single debt issuer, the variation of credit spreads on tradable fixed income securities and also to counterparty risk relating to derivatives products.

Power Corporation, Power Financial and the investment platforms including controlled and consolidated investments manage credit risk on their fixed income securities by adhering to an investment policy that establishes guidelines which provide exposure limits by defining admissible securities, minimum ratings and concentration limits.

Fixed income securities, which are included in investments and in cash and cash equivalents, consist primarily of bonds and highly liquid temporary deposits with Canadian chartered banks and banks in jurisdictions where Power Corporation, Power Financial and the investment platforms including controlled and consolidated investments operate, as well as bonds and short-term securities of, or guaranteed by, the Canadian or U.S. governments. The Corporation and Power Financial regularly review the credit ratings of their counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

Other controlled and consolidated investments had funds held on behalf of clients of \$21,494 million at December 31, 2025 (\$12,902 million in 2024), which are mainly held with Schedule I chartered banks.

The financial instruments held by the investment platforms and Power Financial include other loans and are subject to credit risk. The investment platforms held other loans, classified as FVPL and as amortized cost, of \$686 million and \$1,224 million, respectively, at December 31, 2025 (\$314 million and nil, respectively, at December 31, 2024). The investment platforms regularly review the credit ratings of their counterparties and the maximum exposure to credit risk on these financial instruments is their carrying value.

Derivatives can be also used mainly to mitigate foreign exchange or equity exposures. Power Corporation and Power Financial regularly review the credit ratings of derivative financial instrument counterparties. Derivative contracts are over-the-counter with counterparties that are highly rated financial institutions.

Investment platforms including controlled and consolidated investments are also exposed to credit risk through derivative contracts used to hedge interest rate risk or mitigate foreign exchange exposures, and regularly review the credit ratings of their counterparties. The exposure to credit risk on these financial instruments is limited to their carrying value.

Power Corporation, Power Financial and the investment platforms' exposure to and management of credit risk related to cash and cash equivalents, fixed income securities, funds held on behalf of clients, securities borrowed, other loans and derivatives have not changed materially since December 31, 2024.

Market risk

Market risk is the risk that the market value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include foreign exchange risk, interest rate risk and equity risk.

FOREIGN EXCHANGE RISK

Foreign exchange risk relates to the Corporation, Power Financial and the investment platforms operating in different currencies and converting non-Canadian investments and earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

In its ongoing operations, the Corporation may hold cash balances denominated in foreign currencies and thus be exposed to fluctuations in exchange rates. In order to protect against such fluctuations, Power Corporation and Power Financial may from time to time enter into currency-hedging transactions with highly rated financial institutions. At December 31, 2025, approximately 17% of the \$2,232 million (46% of \$1,606 million at December 31, 2024) of Power Corporation and Power Financial's cash and cash equivalents and fixed income securities were denominated in foreign currencies, consisting of \$252 million in U.S. dollars, \$126 million in euros, \$3 million in Swiss francs and \$3 million in Chinese renminbi. At December 31, 2025, approximately 76% (55% at December 31, 2024) of Power Corporation, Power Financial and investment platforms' cash and cash equivalents and fixed income securities were denominated in Canadian dollars.

Investments held by Power Corporation, Power Financial and through its investment platforms are either classified as FVOCI or at FVPL. These investments are diversified among the U.S. dollar and the euro which contributes to reducing the concentration of foreign exchange risk. All unrealized gains and losses due to foreign exchange rate variations on investments classified as FVOCI are recorded in other comprehensive income. Unrealized gains and losses on investments classified as FVPL resulting from foreign exchange rate variations are recorded directly in net earnings. At December 31, 2025 the impact of a 5% strengthening of the Canadian dollar against foreign currencies would result in a loss recorded in net earnings of approximately \$108 million. At December 31, 2025 investments classified as FVOCI were not significant. Power Corporation's and Power Financial's debentures are denominated in Canadian dollars.

Power Corporation has net investments in foreign operations. In accordance with IFRS, foreign currency translation gains and losses from net investments in foreign operations are recorded in other comprehensive income. Strengthening or weakening of the Canadian dollar spot rate compared with the U.S. dollar spot rate impacts the Corporation's total equity.

Power Financial is exposed to foreign exchange risk on its investment in GBL held through Parjointco as its functional currency is the euro. Foreign currency translation gains and losses on this investment are recorded in other comprehensive income. At December 31, 2025, the impact of a 5% increase (decrease) in Canadian currency relative to the foreign currency would decrease (increase) the aggregate carrying value of foreign investment by approximately \$165 million (\$185 million in 2024).

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate following changes in interest rates.

The investment platforms and Power Financial held other loans, classified as FVPL, of \$686 million and are exposed to interest rate risk (\$314 million at December 31, 2024). The investment platforms also held other loans, classified as amortized cost, of \$1,224 million (nil at December 31, 2024). As at December 31, 2025, the impact to net earnings of a 100 basis point increase in interest rates would not have been significant.

The investment platforms including controlled and consolidated investments are exposed to interest rate risk on funds held on behalf of clients of \$21,494 million (\$12,902 million at December 31, 2024) invested in interest-bearing accounts, of which the majority have an offsetting liability.

Power Corporation, Power Financial and the investment platforms' financial instruments do not have significant exposure to interest rate risk.

EQUITY RISK

Equity risk is the potential loss associated with the sensitivity of the market price of a financial instrument arising from volatility in equity markets.

Investments held by Power Corporation, Power Financial and through its investment platforms are either classified as FVOCI or FVPL. All unrealized gains and losses on investments classified as FVOCI are recorded in other comprehensive income and transferred directly to retained earnings on realization. Unrealized gains and losses on investments classified as FVPL are recorded directly in net earnings. At December 31, 2025, investments classified as FVOCI are not significant. At December 31, 2025, the impact of a 10% decrease in the value of other investments held by Power Corporation, Power Financial and in the investment platforms would have resulted in approximately \$455 million loss recorded in net earnings related to investments classified as FVPL, including investments in jointly controlled corporations and associates measured at FVPL.

The investments held by Power Corporation, Power Financial and through its investment platforms classified as FVOCI or at FVPL, including jointly controlled corporations and associates measured at FVPL, include shares of private and publicly traded companies. The investment platforms are diversified with investment activities primarily in Europe and North America. This diversification avoids a concentration in any one single economy.

GBL holds a portfolio of investments which the Corporation and GBL have classified as FVOCI or FVPL. All unrealized gains and losses on investments classified as FVOCI are recorded in other comprehensive income and transferred directly to retained earnings on realization. Unrealized gains and losses on investments classified as FVPL are recorded directly in net earnings. At December 31, 2025, the impact of a 10% decrease in equity markets would have resulted in an approximate \$170 million unrealized loss to be recorded in other comprehensive income related to investments classified as FVOCI and a \$45 million loss recorded in net earnings related to investments classified as FVPL, representing the Corporation's share of Parjointco's unrealized losses.

The market price of the equity securities of Power Corporation's subsidiaries and investments may be volatile and subject to numerous factors beyond such subsidiaries' or investments' control. At times, financial markets have experienced significant price and volume fluctuations that have affected the market price of the equity securities of the subsidiaries and investments, and that are often unrelated to the operating performance, underlying asset values or prospects of such companies. Volatility in the market price of the equity securities of subsidiaries and investments may have an impact on the adjusted net asset value reported by the Corporation.

The alternative asset investment platforms and controlled and consolidated investments, including Wealthsimple, earn fee and other income including management fees which are charged as a percentage of fee-bearing capital or as a percentage of the corresponding AUM or AUA. The AUM levels are impacted by an increase in subscriptions or redemptions, fundraising new capital commitments in closed-ended funds and changes in the market. Global markets by their nature are subject to uncertainty and a variety of risks. Movement in equity market prices, foreign exchange rates, real asset values, interest rates/credit spreads, or other asset values could cause the AUM, revenue and respective earnings of the investment platforms and controlled and consolidated investments to decline materially.

Power Corporation's management of financial instruments risk has not changed materially since December 31, 2024. For a further discussion of Power Corporation's risk management, please refer to Note 23 to the Corporation's 2025 Consolidated Financial Statements. Parts B and C of this MD&A describe respectively Lifeco's and IGM's management of financial instruments risk.

OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from people, inadequate or failed internal processes and technologies, or external events, which include the risks of adverse impacts from unethical practices, including internal and external frauds, corruption and bribery, conflicts of interest and data privacy, as well as inadequate human resources practices, execution and processing errors, model risk, valuation risk, suppliers and third-party risk, business disruptions, cybersecurity, risks related to the inappropriate use of artificial intelligence or other emerging technologies, legal risk and regulatory compliance risk. Although operational risk cannot be eliminated entirely, the Corporation's risk management processes are designed to manage these risks in a thorough and diligent manner.

The Corporation manages operational risk by adopting and applying a series of corporate governance policies, procedures and practices such as human resource and compensation practice policies, a clawback policy for all officers, a Code of Business Conduct and Ethics for directors, officers and employees (the Code of Conduct), a Third Party Code of Conduct, a Global Anti-Bribery Policy, a Global Sanctions Policy, a Privacy Policy, an Artificial Intelligence Use Policy, business continuity procedures, related party transactions review and other corporate governance guidelines. The Corporation also has established a series of controls for financial reporting and disclosure purposes, and such controls, which are tested on a regular basis, can contribute to identifying and mitigating operational risks.

Cybersecurity risk

The Corporation is exposed to risks relating to cybersecurity, in particular cyber threats, which include cyber-attacks such as, but not limited to, hacking, computer viruses, unauthorized access to confidential, proprietary or sensitive information or other breaches of network or Information Technology (IT) security. The Corporation continues to monitor and enhance its defences and procedures to prevent, detect, respond to and manage cybersecurity threats, which are constantly evolving. Consequently, the Corporation's IT defences are continuously monitored and adapted to both prevent and detect cyber-attacks, and then recover and remediate. Disruption to information systems or breaches of security could result in a negative impact on the Corporation's financial results or result in reputational damage.

Model risk

Model risk is the risk of adverse consequences arising from the inappropriate use or interpretation of models, or the use of deficient models, data or assumptions by the Corporation or by the investment platforms. Changes in the internal assumptions or other factors affecting the models could lead to a change in fair value. The Corporation and the investment platforms use a variety of models to assist in the valuation of financial instruments, operational scenario testing, management of cash flows, capital management, and assessment of potential acquisitions or investment decisions.

Regulatory compliance risk

Regulatory compliance risk is the risk of the Corporation or its employees failing to comply with the regulatory requirements in effect where the Corporation does business, both in Canada and internationally. There are many laws, governmental rules and regulations, including financial reporting and disclosure rules, that apply to the Corporation. Interpretation of these laws, rules and regulations by the Corporation, governmental agencies, or the courts could result in situations of regulatory non-compliance and could adversely affect the Corporation's reputation and result in penalties, fines and sanctions or increased oversight by regulators. The Corporation, in addition to complying with these laws, rules and regulations, must also monitor them closely so that changes therein are taken into account in the management of its activities.

The Corporation ensures that the tax implications of all of its strategic decisions comply with its legal and tax reporting obligations as well as anticipate potential changes in the current legal framework to avoid any risk of non-compliance that could have adverse impacts.

REPUTATION RISK

Reputation risk is the risk that an activity undertaken by the Corporation would be judged negatively by its stakeholders or the public, whether that judgment is with or without basis, thereby impairing its image and resulting potentially in the loss of business, limited financing capacity, legal action or increased regulatory oversight. Reputation risk can arise from a number of events and is generally related to a deficiency in managing another risk. For example, non-compliance with laws and regulations as well as deficiencies in financial reporting and disclosures can have a significant reputational impact on the organization.

The Board of Directors has adopted the Code of Conduct, which includes the Corporation's guidelines on conflicts of interest, as well as a Third Party Code of Conduct, that govern the conduct of the Corporation's Directors, officers, employees, advisors, consultants and suppliers. The Board of Directors oversees compliance with the Code of Conduct through the Corporation's General Counsel and Secretary, who monitors compliance with the Code of Conduct. Directors and employees of the Corporation are required to confirm annually, and officers are required to confirm quarterly, their understanding of, and agreement to comply with, the Code of Conduct.

SUSTAINABILITY RISK

Sustainability risk is the potential loss associated with the inability of the Corporation and its employees to identify and manage environmental and social risks, which could adversely impact the Corporation's financial position and reputation.

Environmental risks relate to the adverse impacts that could result from climate change, waste, and resource consumption. Social risks relate to the adverse impacts on people that could result from improper practices related to human rights, labour conditions, health and safety, harassment, diversity, equity and inclusion, wages and benefits, and supplier management.

Anchored by a strong responsible management culture, the Corporation takes a balanced and sustainable approach to conducting business. The Corporation adheres to the clear guidelines set out in its Code of Conduct, which applies to the Corporation's directors, officers and employees, as well as in its Third-Party Code of Conduct, which applies to advisors, consultants and suppliers. The Corporation also maintains other supporting policies, procedures and controls, including a Corporate Sustainability Statement, an Environmental Policy, a Diversity, Equity and Inclusion Policy, and a Respectful Workplace Policy.

The Corporation provides training and capacity building for its employees to ensure sustainability risks are identified and mitigated consistent with its policies and procedures. The Board of Directors' risk management oversight includes ensuring that material sustainability risks are appropriately identified, managed, and monitored. Responsibility for sustainability considerations at the Board of Directors' level is assigned to the Governance and Sustainability Committee. The Corporation's Vice-President, General Counsel and Secretary has been appointed as the Corporation's Sustainability Lead. Sustainability risks and opportunities are reviewed by the Governance and Sustainability Committee through an annual update and progress report provided by the Corporation's Sustainability Lead, or more frequently as appropriate. The Sustainability Lead also reports annually to the Audit Committee on the implementation of the Code of Business Conduct and Ethics and of the Global Anti-Bribery Policy.

The Corporation monitors evolving regulatory requirements regarding sustainability in order to be in compliance with any future requirements.

OTHER RISKS

Tax risk

Jurisdictions in which the Corporation and its subsidiaries operate periodically review and amend their tax laws and policies. Changes to tax rates may increase the tax expense of the Corporation and its subsidiaries, adversely impacting earnings.

Management actively monitors changes and developments to domestic and international tax laws and policies and their potential impacts.

The 15% Global Minimum Tax (GMT) regime has been in effect since 2024 and applies to countries in which the Corporation and its subsidiaries have significant operations. The Corporation and its subsidiaries will file GMT returns for the first time in 2026, in respect of the 2024 tax year. There is a risk that future legislative changes, administrative guidance or interpretative differences between countries with respect to the GMT may result in unanticipated tax liabilities, compliance costs or operational challenges at the Corporation and its subsidiaries.

Macroeconomic risk

Global and macroeconomic conditions remain in a state of heightened volatility and many factors contribute to economic uncertainty. These include geopolitical risk and tension, armed conflicts in various parts of the world, the impact of trade relations and ongoing trade tensions, and fiscal policy developments. These factors may result in elevated volatility of financial markets and influence inflation, interest rates and economic growth in the geographies in which the Corporation and its subsidiaries operate. The outlook for financial markets over the short and medium term remains uncertain and the Corporation and its subsidiaries actively monitor events and information globally. The diversified business portfolios of the Corporation's operating subsidiaries and its prudent approach to risk management help to mitigate risks presented by ongoing global economic uncertainty.

Emerging risks

An emerging risk is a risk not well understood at the current time and for which the impacts on the Corporation, including on its strategy and financial results, are difficult to assess or are in the process of being assessed.

Monitoring emerging risks is an important component of risk management. Power Corporation actively monitors emerging risks through:

- Review and analysis at the boards and committees of its operating companies around the world where local executives describe the emerging risks in their respective environments.
- The Corporation's executive officers act as the Corporation's risk management committee. They meet regularly to identify, analyze and review the Corporation's risks and to implement strategies to mitigate these risks.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

FAIR VALUE MEASUREMENT

Fair value represents the amount that would be exchanged in an arm's-length transaction between willing parties and is best evidenced by a quoted market price, if one exists. Fair values represent management's estimates and are generally calculated using market information and at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and matters of significant judgment.

The Corporation's assets and liabilities recorded at fair value and those for which fair value is disclosed have been categorized based upon the following fair value hierarchy:

- Level 1 inputs utilize observable, unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.
- Level 2 inputs utilize other-than-quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability.

The Corporation and its subsidiaries maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls has been determined based on the lowest level input that is significant to the fair value measurement. The Corporation and its subsidiaries' assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

The following table presents the carrying amounts and fair value of the Corporation and its subsidiaries' assets and liabilities recorded or disclosed at fair value. The table distinguishes between assets and liabilities recorded at fair value on a recurring basis and those for which fair value is disclosed. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value. Items excluded are: cash and cash equivalents, dividends, accounts and interest receivable, securities borrowed, funds held on behalf of clients, certain other financial assets, accounts payable, dividends and interest payable, securities loaned and certain other financial liabilities.

	December 31, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Assets recorded at fair value				
Bonds				
FVPL	161,232	161,232	153,266	153,266
FVOCI	13,040	13,040	13,758	13,758
Mortgage and other loans				
FVPL	32,489	32,489	33,932	33,932
FVOCI	269	269	461	461
Shares				
FVPL	21,301	21,301	18,649	18,649
FVOCI	1,043	1,043	923	923
Investment in jointly controlled corporations and associates ¹	1,452	1,452	950	950
Investment properties	8,493	8,493	8,350	8,350
Derivative instruments	2,290	2,290	2,637	2,637
Trading account assets	3,995	3,995	3,701	3,701
Other assets	849	849	395	395
	246,453	246,453	237,022	237,022
Assets disclosed at fair value				
Bonds				
Amortized cost	595	596	376	377
Mortgage and other loans				
Amortized cost	11,287	10,964	10,272	9,685
	11,882	11,560	10,648	10,062
Total	258,335	258,013	247,670	247,084
Liabilities				
Liabilities recorded at fair value				
Investment contract liabilities	89,042	89,042	90,157	90,157
Derivative instruments	2,438	2,438	2,180	2,180
Collateralized loan obligation liabilities	3,904	3,904	3,791	3,791
Limited-life and redeemable fund units	4,128	4,128	2,928	2,928
Lifeco's other debt instruments	51	51	54	54
Consolidated investment funds' other debt instruments	86	86	43	43
Other liabilities	649	649	240	240
	100,298	100,298	99,393	99,393
Liabilities disclosed at fair value				
Obligations to securitization entities	4,815	4,916	5,025	5,098
Power Corporation's debentures and other debt instruments	647	682	647	703
Non-recourse debentures and other debt instruments of:				
Power Financial, Lifeco and IGM	11,303	10,789	11,977	11,335
Consolidated investment funds and Other	4,060	4,006	3,835	3,820
Client funds payable	25,793	25,793	16,605	16,605
Other liabilities	514	514	424	424
	47,132	46,700	38,513	37,985
Total	147,430	146,998	137,906	137,378

¹ Represents investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization, which have been elected to be measured at FVPL.

See Note 29 to the Corporation's 2025 Consolidated Financial Statements for additional disclosure of the Corporation's fair value measurement at December 31, 2025.

DERIVATIVE FINANCIAL INSTRUMENTS

In the course of their activities, the Corporation and its subsidiaries use derivative financial instruments. When using such derivatives, they only act as limited end-users and not as market makers in such derivatives.

The use of derivatives is monitored and reviewed on a regular basis by senior management of the Corporation and by senior management of its subsidiaries. The Corporation and its subsidiaries have each established operating policies, guidelines and procedures relating to the use of derivative financial instruments, which in particular focus on:

- prohibiting the use of derivative instruments for speculative purposes;
- documenting transactions and ensuring their consistency with risk management policies;
- demonstrating the effectiveness of the hedging relationships; and
- monitoring the hedging relationships.

There were no major changes to the Corporation and its subsidiaries' policies and procedures with respect to the use of derivative instruments in the twelve-month period ended December 31, 2025. The following table provides a summary of the Corporation and its subsidiaries' derivatives portfolio:

	December 31, 2025			December 31, 2024		
	Notional	Maximum credit risk	Total fair value	Notional	Maximum credit risk	Total fair value
Power Corporation	509	258	257	535	64	63
Power Financial	36	32	32	37	16	16
Lifeco	70,777	1,863	(549)	63,066	2,431	294
IGM	1,766	70	55	1,982	36	10
Other subsidiaries	3,192	67	57	2,723	90	74
	75,771	2,032	(405)	67,808	2,573	394
	76,280	2,290	(148)	68,343	2,637	457

During the twelve-month period ended December 31, 2025, there was an increase of \$7.9 billion in the notional amount of derivatives outstanding, primarily due to increases in volume of regular hedging activities by Lifeco. The Corporation and its subsidiaries' exposure to derivative counterparty risk (which represents the current fair value of instruments in a gain position) decreased to \$2,290 million at December 31, 2025 from \$2,637 million at December 31, 2024. The decrease was primarily due to the euro and British pound strengthening against the U.S. dollar on cross-currency swaps that pay euros or British pounds and receive U.S. dollars.

Parts B and C of this MD&A provide information on the types of derivative financial instruments used by Lifeco and IGM, respectively.

See Note 28 to the Corporation's 2025 Consolidated Financial Statements for additional information.

OFF-BALANCE SHEET ARRANGEMENTS

GUARANTEES

In the normal course of their operations, the Corporation and its subsidiaries may enter into certain agreements, the nature of which precludes the possibility of making a reasonable estimate of the maximum potential amount the Corporation or subsidiary could be required to pay third parties, as some of these agreements do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. See also Note 34 to the Corporation's 2025 Consolidated Financial Statements.

LETTERS OF CREDIT

In the normal course of its reinsurance business, Lifeco provides letters of credit to other parties or beneficiaries. A beneficiary will typically hold a letter of credit as collateral to secure statutory credit for insurance and investment contract liabilities ceded to or amounts due from Lifeco. Lifeco may be required to seek collateral alternatives if it is unable to renew existing letters of credit on maturity. See also Part B of this MD&A.

Potentia and Power Sustainable Energy Infrastructure have issued letters of credit totalling \$297 million with one-year terms to support required lender reserves, performance guarantees for operating solar and wind assets, as well as commitments for projects under construction.

See also Note 34 to the Corporation's 2025 Consolidated Financial Statements.

CONTINGENT LIABILITIES

The Corporation and its subsidiaries are from time to time subject to legal actions, including arbitrations and class actions, arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Corporation. However, based on information presently known, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Corporation. See also Parts B and C of this MD&A and Note 33 to the Corporation's 2025 Consolidated Financial Statements.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

At December 31, 2025	Payments due by period					Total
	Demand	1 year or less	1-5 years	Over 5 years	Undefined ¹	
Power Corporation ²	–	10	8	663	109	790
Power Financial ²	–	13	8	264	–	285
Lifeco	–	8,682	3,722	4,959	–	17,363
IGM	4,299	1,340	4,153	1,974	–	11,766
Alternative asset investment platforms and consolidation entries	21,494	1,473	1,543	2,376	504	27,390
Total	25,793	11,518	9,434	10,236	613	57,594
Client funds payable ³	25,793	–	–	–	–	25,793
Debentures and other debt instruments ⁴	–	2,394	4,541	9,356	–	16,291
Obligations to securitization entities	–	1,279	3,532	4	–	4,815
Lease obligations ⁵	–	131	436	806	–	1,373
Purchase obligations ⁶	–	932	657	13	–	1,602
Pension contributions ⁷	–	313	–	–	–	313
Contractual commitments ¹⁸	–	6,469	268	57	613	7,407
Total	25,793	11,518	9,434	10,236	613	57,594

1 Includes outstanding commitments from the Corporation and the alternative asset investment platforms to make future capital contributions to investment funds; the exact amount and timing of each capital contribution cannot be determined. Excludes commitments to controlled and consolidated funds.

2 Includes debentures of the Corporation of \$650 million and Power Financial of \$250 million.

3 Client funds payable due on demand are primarily offset by other subsidiaries' funds held on behalf of clients.

4 Refer to Note 15 and Note 16 to the Corporation's 2025 Consolidated Financial Statements for further information.

5 Refer to Note 17 to the Corporation's 2025 Consolidated Financial Statements for further information.

6 Purchase obligations are commitments of Lifeco to acquire goods and services, primarily related to information services, as well as purchase contracts related to projects under construction at PSEIP.

7 Pension contributions include expected contributions to defined benefit and defined contribution pension plans as well as other post-employment benefit plans and 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 one year are excluded due to variability in the assumptions required to project the timing of future contributions. Refer to Note 27 to the Corporation's 2025 Consolidated Financial Statements for further information.

8 Includes \$6,794 million of commitments by Lifeco, net of eliminations in controlled and consolidated investment funds. These contractual commitments are essentially commitments of investment transactions made in the normal course of operations, in accordance with Lifeco's policies and guidelines, which are to be disbursed upon fulfillment of certain contract conditions.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the financial statements, management of the Corporation and managements of its subsidiaries are required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings, comprehensive income and related disclosures. The results of the Corporation reflect the judgments of the managements of the Corporation and of its subsidiaries regarding the impact of prevailing market conditions related to global credit, equities, investment properties and foreign exchange, as well as, with respect to Lifeco, prevailing health and mortality experience. Key sources of estimation, uncertainty and areas where significant judgments are made by the management of the Corporation and the managements of its subsidiaries include: the entities to be consolidated or accounted for using the equity method, fair value measurements, expected credit losses, valuation of goodwill and intangible assets, valuation of insurance contract liabilities, income taxes and pension plans and other post-employment benefits.

Additional details regarding these significant estimates and judgments can be found in Note 2 to the Corporation's 2025 Consolidated Financial Statements.

CONSOLIDATION

Management of the Corporation consolidates all subsidiaries and entities in which it has determined that the Corporation has control. Control is evaluated according to the ability of the Corporation to direct the relevant activities of the subsidiaries, including investment funds or other structured entities, in order to derive variable returns. Management of the Corporation and of each of its subsidiaries exercise judgment in determining whether control exists. Judgment is exercised in evaluating the variable returns and in determining the extent to which the Corporation or its subsidiaries have the ability to exercise their power to affect variable returns.

Management of the Corporation exercises judgment in determining whether the Corporation is a principal or an agent when the Corporation or its subsidiaries act as a fund manager and also invest in the fund. The Corporation determines that it is a principal when it has sufficient capital invested and exposure to variability of returns generated as a result of the decisions of the Corporation or its subsidiaries as a fund manager. Judgment is applied in determining the sufficiency of the variability of returns and overall aggregate economic interest. In making these judgments, the Corporation considers the rights held by other investors, including their ability to remove the fund manager.

JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES

Jointly controlled corporations are entities in which unanimous consent is required for decisions relating to relevant activities. Associates are entities in which the Corporation exercises significant influence over the entity's operating and financing policies, without having control or joint control. Investments in jointly controlled corporations and associates are accounted for using the equity method. Management of the Corporation and of each of its subsidiaries exercise judgment in determining whether joint control or significant influence exists.

In the case of investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization, the Corporation has elected to measure certain of its investments in jointly controlled corporations and associates at FVPL.

FAIR VALUE MEASUREMENT

A financial asset is measured at fair value on initial recognition and is classified and subsequently measured as FVPL, FVOCI, or amortized cost based upon the Corporation's or its subsidiaries' business models for managing these assets and the contractual cash flow characteristics of these assets.

The Corporation and its subsidiaries maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following is a description of the methodologies used to value instruments carried at fair value.

Bonds at FVPL and FVOCI

Fair values for bonds measured as FVPL 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 Corporation and its subsidiaries obtain quoted prices in active markets, when available, for identical assets at the balance sheet date to measure bonds at fair value in its FVPL and FVOCI portfolios.

The Corporation and its subsidiaries estimate 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.

Mortgage and other loans at FVPL and FVOCI

There are no market-observable prices for mortgage and other loans; therefore, fair values for mortgage and other loans 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 at FVPL

There are no market-observable prices for equity-release mortgages; Lifeco uses an internal valuation model 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.

Shares at FVPL and FVOCI

Fair values of publicly traded shares are generally determined by the last bid price for the security from the exchange where it is principally traded. Fair values of shares 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 Corporation and its subsidiaries obtain quoted prices in active markets, when available, for identical assets at the balance sheet date to measure shares at fair value.

Investment properties

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

EXPECTED CREDIT LOSSES

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

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

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

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

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

The Corporation and its subsidiaries monitor all financial assets that are subject to impairment for significant increases in credit risk. In making this assessment, 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, is considered.

GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS 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. Indefinite life intangible assets that were previously impaired are reviewed at each reporting date for evidence of reversal.

Goodwill and indefinite life intangible assets have been allocated to cash generating units or to groups of cash generating units (CGUs), representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill and indefinite life intangible assets are tested for impairment by comparing the carrying value of the CGUs to the recoverable amount of the CGUs to which the goodwill and indefinite life intangible assets have been allocated.

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 cost of disposal or value in use, which is calculated using the present value of the estimated future cash flows expected to be generated.

INSURANCE, REINSURANCE HELD AND INVESTMENT CONTRACT LIABILITIES

In the computation of insurance contract liabilities, Lifeco has made valuation assumptions 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. This risk adjustment for non-financial risk represents the compensation that Lifeco 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 estimates of the present value of future cash flows are measured by Lifeco 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 modelling at the end of the reporting period. Lifeco'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 in Part B of this MD&A, including Lifeco's assumptions and sensitivity disclosures.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The Corporation and its subsidiaries maintain funded defined benefit pension plans for eligible employees and advisors, unfunded supplementary employee retirement plans (SERP) for eligible employees, and unfunded post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependants. The Corporation and its subsidiaries also maintain defined contribution pension plans for eligible employees and advisors.

The defined benefit pension plans provide pensions based on length of service and final average earnings. Expenses for defined benefit plans are actuarially determined using the projected unit credit method prorated on service, based upon management of the Corporation and of its subsidiaries' assumptions about discount rates, compensation increases, retirement ages of employees, mortality and expected health care costs. The Corporation and its subsidiaries' accrued benefit asset (liability) in respect to defined benefit plans is calculated separately for each plan by discounting the amount of the benefit that employees have earned in return for their service in current and prior periods and deducting the fair value of any plan assets.

- The Corporation and its subsidiaries determine the net interest component of the pension expense for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net accrued benefit asset (liability), where the discount rate is determined by reference to market yields on high-quality corporate bonds.
- If the plan benefits are changed, or a plan is curtailed, any past service costs or curtailment gains or losses are recognized immediately in net earnings.
- Net interest costs, administration expenses, current service costs, past service costs, plan amendments and curtailment and settlement gains or losses are recognized in operating and administrative expenses in the statements of earnings.
- Remeasurements represent actuarial gains and losses, the actual return on plan assets greater (less) than interest income, and increases and decreases in the asset ceiling. Remeasurements are recognized immediately through other comprehensive income and are not subsequently reclassified to net earnings.
- The accrued benefit asset (liability) represents the plan surplus (deficit) and is included in other assets (other liabilities).
- Contributions to the defined contribution plans are expensed as incurred.

INCOME TAXES

Current income tax

Current income tax is based on taxable income for the year. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the rates that have been enacted or substantively enacted at the balance sheet date in each respective jurisdiction. Current tax assets and current tax liabilities are offset, if a legally enforceable right exists to offset the recognized amounts and the entity intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

A provision for tax treatment uncertainties which meet the probable threshold for recognition is measured using either the most likely amount or the expected value, depending upon which method provides the better prediction of the resolution of the uncertainty. The provision for tax uncertainties will be classified as current or deferred based on how a disallowance of the underlying uncertain tax treatment would impact the tax provision accrual as of the balance sheet date.

Deferred income tax

Deferred income tax is the tax expected to be payable or recoverable on differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income and on unused tax attributes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax attributes can be utilized.

Recognition of deferred tax assets is based on the fact that it is probable that the entity will have taxable profits and/or tax planning opportunities available to allow the deferred tax asset to be utilized. Changes in circumstances in future periods may adversely impact the assessment of the recoverability. The uncertainty of the recoverability is taken into account in establishing the deferred tax assets. The Corporation and its subsidiaries' financial planning process provides a basis for the measurement of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to net current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, jointly controlled corporations and associates, except where the group controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The Corporation applied the mandatory exception in IAS 12, *Income Taxes* whereby it is not recognizing and disclosing information about deferred tax assets and liabilities related to the GMT.

CHANGES IN ACCOUNTING POLICIES

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

/s/ Siim A. Vanaselja

/s/ R. Jeffrey Orr

FUTURE ACCOUNTING CHANGES

The Corporation and its subsidiaries actively monitor changes in IFRS, both proposed and released, by the IASB and analyze the effect that changes in the standards may have on the consolidated financial statements when they become effective. See Note 2 to the 2025 Consolidated Financial Statements for additional information:

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

TRANSACTIONS WITH RELATED PARTIES

Power Corporation has a Related Party and Conduct Review Committee composed entirely of Directors who are independent of management and independent of the Corporation's controlling shareholder. The mandate of this committee is to review proposed transactions with related parties of the Corporation, including its controlling shareholder, and to approve only those transactions that it deems appropriate and that are done at market terms and conditions.

In the normal course of business, Power Corporation and its subsidiaries enter into various transactions which include capital commitments to investment funds, including commitments from management, performance and base management fees paid to subsidiaries of the group, employee ownership participations and loans to subsidiaries and employees. The alternative asset investment platforms also provide management of debt instruments, sub-advisory and property management services to other subsidiaries within the group. Such transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

In the normal course of business, Canada Life and other Lifeco subsidiaries enter into various transactions with related companies which include providing group insurance benefits and sub-advisory services to other companies within the Power Corporation group of companies. Such transactions are at market terms and conditions. These transactions are reviewed by the appropriate related party and conduct review committee.

Lifeco provides asset management, employee benefits and administrative services for employee benefit plans relating to pension and other post-employment benefits for its employees, employees of its subsidiaries, and employees of Power Corporation and Power Financial. These transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

IGM enters into transactions with subsidiaries of Lifeco. These transactions are in the normal course of operations and include i) providing certain administrative services; ii) distributing insurance products; and iii) sub-advisory services. These transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

On March 31, 2025, GBL Capital acquired a minority interest in SHMI. This transaction was at market terms and conditions and was reviewed and approved by a committee of independent directors appointed by GBL's board of directors. Refer to the section "2025 Significant Developments and Transactions".

In the second quarter of 2025, wind projects which had been developed by Potentia were sold to PSEIP in exchange for consideration in cash. Refer to the section "Sagard and Power Sustainable".

On September 3, 2025, the TSX approved an amendment that permitted Lifeco to purchase its shares from Power Financial and certain of Power Financial's wholly owned subsidiaries in connection with its 2025 NCIB, in order for Power Financial to maintain its approximate proportionate percentage ownership in Lifeco. During 2025, Lifeco repurchased and subsequently cancelled 12.8 million common shares held by Power Financial under the 2025 NCIB for proceeds of \$768 million. Commencing on January 6, 2026, Lifeco is permitted to repurchase its shares from Power Financial under its renewed NCIB. Refer to the section "2025 Significant Developments and Transactions" for additional information.

See Note 32 to the Corporation's 2025 Consolidated Financial Statements for additional information.

DISCLOSURE CONTROLS AND PROCEDURES

Based on their evaluations at December 31, 2025, the Chief Executive Officer and the Chief Financial Officer have concluded that the Corporation's disclosure controls and procedures were effective at December 31, 2025.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes is in accordance with IFRS, as issued by the IASB. The Corporation's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, 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.

As a management and holding company, the Corporation's business activities are carried out through its investments in businesses, each of which has its own management team. Accordingly, the Corporation's management relies on the certifications filed by management of Lifeco and IGM pursuant to National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*, as well as a sub-certification process by management at its other significant subsidiaries and investees in order to make determinations regarding the Corporation's disclosure controls and procedures and internal control over financial reporting.

The Corporation's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Corporation's internal control over financial reporting at December 31, 2025, based on the Internal Control - Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Corporation's internal control over financial reporting was effective at December 31, 2025.

There have been no changes in the Corporation's internal control over financial reporting during the three-month period ended December 31, 2025 which have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

POWER FINANCIAL CORPORATION

Power Financial relies on certain of the continuous disclosure documents filed by Power Corporation of Canada pursuant to an exemption from the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* and as provided in the decision of the Autorité des marchés financiers and the Ontario Securities Commission, dated September 10, 2024, regarding Power Financial and Power Corporation (the Decision). The following disclosure is provided further to the requirements of the Decision:

At December 31, 2025	Lifeco	IGM	Corporate and other ¹	Effect of consolidation	Total Power Financial	Total Power Corporation
Total assets	862,828	22,402	56,407	(26,127)	915,510	925,735
Total liabilities	829,825	13,364	29,031	(545)	871,675	880,687

1 Includes Power Financial's investment activities including its investment in Portage Ventures I, Portage Ventures II and Wealthsimple.

For the twelve-month period ended December 31, 2025	Power Financial	Power Corporation
Cash flows from operations	4,773	4,780

Further to the Decision, the earnings coverage ratios set forth below have been prepared in accordance with Item 6.1 of Form 44-101F1 – *Short Form Prospectus*:

For the twelve-month period ended December 31, 2025	Net earnings of Power Financial	Net earnings attributable to shareholders of Power Financial
Earnings coverage ratio (preferred shares (and debt)) ¹	6.7	4.9
Earnings coverage ratio (debt) ²	11.2	8.1

1 The earnings coverage ratio (preferred shares (and debt)) is calculated based on net earnings of Power Financial before financing charges and income taxes for the twelve months ended December 31, 2025, divided by the aggregate dividend and financing charge requirements for this period. Power Financial's annualized dividend requirements on all of its preferred shares, including those of subsidiaries, have been adjusted to a pre-tax equivalent using an effective income tax rate of 16.4% for the twelve months ended December 31, 2025.

2 The earnings coverage ratio (debt) is calculated based on net earnings of Power Financial before financing charges and income taxes for the twelve months ended December 31, 2025, divided by the aggregate financing charge requirements for this period.

OTHER SUPPLEMENTAL INFORMATION OF POWER FINANCIAL

First Preferred Shares Issued and Outstanding

	December 31, 2025		December 31, 2024	
	Number of shares	Share capital	Number of shares	Share capital
		\$		\$
First Preferred Shares (perpetual)				
Series A ^[i]	4,000,000	100	4,000,000	100
Series D ^[ii]	6,000,000	150	6,000,000	150
Series E ^[ii]	8,000,000	200	8,000,000	200
Series F ^[ii]	6,000,000	150	6,000,000	150
Series H ^[ii]	6,000,000	150	6,000,000	150
Series K ^[ii]	10,000,000	250	10,000,000	250
Series L ^[ii]	8,000,000	200	8,000,000	200
Series O ^[ii]	6,000,000	150	6,000,000	150
Series P ^[ii]	9,657,516	241	9,657,516	241
Series Q ^[ii]	1,542,484	39	1,542,484	39
Series R ^[ii]	10,000,000	250	10,000,000	250
Series S ^[ii]	12,000,000	300	12,000,000	300
Series T ^[ii]	8,000,000	200	8,000,000	200
Series V ^[ii]	10,000,000	250	10,000,000	250
Series 23 ^[ii]	8,000,000	200	8,000,000	200
		2,830		2,830

FIRST PREFERRED SHARES

[i] The Series A First Preferred Shares are entitled to a quarterly cumulative dividend, at a floating rate equal to one quarter of 70% of the average prime rate quoted by two major Canadian chartered banks and are redeemable, at Power Financial's option, at \$25.00 per share, together with all declared and unpaid dividends to the date fixed for redemption.

[ii] The following First Preferred Shares series are entitled to fixed non-cumulative preferential cash dividends payable quarterly. Power Financial may redeem for cash the First Preferred Shares in whole or in part, at Power Financial's option, with all declared and unpaid dividends to, but excluding, the date of redemption. The dividends and redemption terms are as follows:

First Preferred Shares		Cash dividends payable quarterly	Earliest issuer redemption date	Redemption price
		(\$/share)		(\$/share)
Non-cumulative, fixed rate				
Series D,	5.50%	0.343750	Currently redeemable	25.00
Series E,	5.25%	0.328125	Currently redeemable	25.00
Series F,	5.90%	0.368750	Currently redeemable	25.00
Series H,	5.75%	0.359375	Currently redeemable	25.00
Series K,	4.95%	0.309375	Currently redeemable	25.00
Series L,	5.10%	0.318750	Currently redeemable	25.00
Series O,	5.80%	0.362500	Currently redeemable	25.00
Series R,	5.50%	0.343750	Currently redeemable	25.00
Series S,	4.80%	0.300000	Currently redeemable	25.00
Series V,	5.15%	0.321875	Currently redeemable	25.25
Series 23,	4.50%	0.281250	January 31, 2027	26.00
Non-cumulative, 5-year rate reset ¹				
Series P,	1.998% ²	0.124875	January 31, 2026	25.00
Series T,	5.595%	0.349688	January 31, 2029	25.00
Non-cumulative, variable rate				
Series Q,	3-month Government of Canada Treasury Bill + 1.60% ²	Variable	Currently redeemable	25.50

1 The dividend rate will reset on the earliest issuer redemption date and every fifth year thereafter at a rate equal to the 5-year Government of Canada bond yield plus a reset spread (1.60% for Series P and 2.37% for Series T). The holders have the option to convert their shares into non-cumulative floating rate First Preferred Shares subject to certain conditions on the earliest redemption date and every fifth year thereafter at a rate equal to the 3-month Government of Canada Treasury Bill rate plus the reset spread indicated.

2 Pursuant to the terms of the Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P (Series P shares) and the Non-Cumulative Floating Rate First Preferred Shares, Series Q (Series Q shares), on February 2, 2026, subsequent to year-end, all of the outstanding 1,542,484 Series Q shares were converted, on a one-for-one basis, into Series P shares. The dividend rate for the Series P shares was reset to an annual fixed rate of 4.591% or \$0.286938 per share cash dividend payable quarterly.

NON-IFRS FINANCIAL MEASURES

DEFINITIONS

This MD&A presents and discusses financial measures which are not in accordance with IFRS. Management uses these financial measures in its presentation and analysis of the financial performance of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. See also “Statement Regarding Non-IFRS Financial Measures and Other Measures”. The non-IFRS financial measures and non-IFRS ratios used in this MD&A are defined as follows:

Non-IFRS financial measure	Definition	Purpose
Adjusted net earnings from continuing operations¹	Net earnings from continuing operations ¹ excluding Adjustments.	Assists in the comparison of the current period's underlying operating performance to that of previous periods as it reflects management's view of the operating performance of the Corporation and its subsidiaries, excluding items that are not considered to be part of the underlying business results. As a holding company, management reviews and assesses the performance of each operating company's contribution to net earnings and adjusted net earnings.
Adjustments	After-tax impact of any item that in management's judgment, including those identified by management of Lifeco and IGM, would make the period-over-period comparison of results from operations less meaningful. Adjustments include the Corporation's share of Lifeco's impact of: ▪ 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; ▪ direct equity and interest rate impacts on the measurement of surplus assets and liabilities; and ▪ amortization of acquisition-related finite life intangible assets, as well as items that management believes are not indicative of the underlying business results which include those identified by management of a subsidiary or a jointly controlled corporation, including: ▪ business transformation and other impacts (including restructuring or reorganization and integration costs, acquisition and divestiture costs); ▪ material legal settlements; ▪ material impairment charges; ▪ material impacts of the remeasurement of deferred tax assets and liabilities including those as a result of income tax rate changes, and other tax impairments; ▪ certain non-recurring material items, net gains, losses or costs related to the disposition or acquisition of a business, including those related to an investment in an associate or jointly controlled corporation; ▪ impacts related to remeasurements due to market changes that result in an accounting mismatch including the remeasurement of derivatives where the hedged item is not also measured at fair value and hedge accounting is not applied, and the revaluation of redemption liabilities, share warrants and conversion options on convertible and exchangeable debt obligations; ▪ the impact of the revaluation of non-controlling interests liabilities related to PSEIP which result from changes in fair value of assets held within the fund, and the share of earnings (losses) from the consolidated activities of PSEIP attributable to third-party investors; and ▪ other items that, when removed, assist in explaining underlying operating performance.	Identifies items that are not considered part of operating performance by management, including items identified by management of Lifeco and IGM.

¹ Attributable to participating shareholders of Power Corporation.

Non-IFRS financial measure	Definition	Purpose
Adjusted net asset value	Adjusted net asset value represents the fair value of the participating shareholders' equity of Power Corporation. Adjusted net asset value is calculated as the fair value of the assets of the combined Power Corporation and Power Financial holding company less their net debt and preferred shares. The investments held in publicly traded entities (including Lifeco, IGM and GBL) are measured at their market value and investments in private entities and investment funds are measured at management's estimate of fair value. The definition of adjusted net asset value involves a number of assumptions, judgments and estimates that may prove to be inaccurate, and the adjusted net asset value per share is not a representation or guarantee of the value a participating shareholder will be able to realize.	Presents the fair value of the participating shareholders' equity of the holding company and is used to assist in assessing value. This measure may be used by investors and analysts in determining or comparing the fair value of investments held by the holding company or its overall fair value.
Consolidated assets under management and advisement, and Consolidated assets and assets under administration	Consolidated assets under management and advisement includes assets managed on behalf of clients which are beneficially owned by clients including: - Internally and externally managed funds, including proprietary mutual funds, exchange-traded funds and institutional assets, where the Corporation's publicly traded operating companies and alternative asset investment platforms have oversight of the investment policies; and - The fair value of assets managed on behalf of the clients by asset managers controlled within the investment platforms, including assets managed through a separately managed account. Services provided in respect of assets under management and advisement include the selection of investments, the provision of investment advice, discretionary portfolio management on behalf of clients and/or the provision of financial advice. Consolidated assets and assets under administration includes consolidated assets under management and advisement, assets under administration only, and other assets on the balance sheet. Assets under administration only includes assets where the Corporation's consolidated publicly traded operating companies and investment management services businesses only provide administration services for which they earn fees and other income. These assets are beneficially owned by the clients and the Corporation's operating subsidiaries do not direct the investing activities. Services provided relating to assets under administration only include record keeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Other balance sheet assets include insurance contract assets, reinsurance contract assets, goodwill and intangible assets, other assets, as well as the portion of investments (including investments in jointly controlled corporations and associates) and investments on account of segregated fund policyholders not included within consolidated assets under management and advisement.	Consolidated assets under management and advisement and Consolidated assets and assets under administration provide an indicator of the size and volume of the Corporation's consolidated businesses, including the publicly traded operating companies and alternative asset investment platforms. Consolidated assets and assets under administration includes assets in which the Corporation's consolidated publicly traded operating companies and investment management services businesses only provide administration services, which are an important aspect of the overall business and should be considered when comparing volumes, size and trends.
Fee-related earnings (of alternative asset investment platforms)	Fee-related earnings is presented for Sagard and Power Sustainable and includes management fees and fee-related performance revenues earned across all asset classes, less investment platform expenses which include i) fee-related compensation including salary, bonus, and benefits, and ii) operating expenses. Fee-related performance revenues represents the realized portion of performance revenues from perpetual capital vehicles that are i) measured and expected to be received on a recurring basis, ii) not dependent on realization events from underlying investments, and iii) not subject to clawback. Fee-related earnings is presented on a gross pre-tax basis, including non-controlling interests. Fee-related earnings excludes i) share-based compensation expenses, ii) amortization of acquisition-related finite life intangible assets, iii) foreign exchange-related gains and losses, iv) net interest, and v) other items that in management's judgment are not indicative of underlying operating performance of the alternative asset investment platforms, which include restructuring costs, transaction and integration costs related to business acquisitions and certain non-recurring material items.	This measure is presented for the alternative asset investment platforms, Sagard and Power Sustainable, and is used to assess the profitability from their asset management activities. This financial measure provides insight as to whether recurring revenues from management fees and fee-related performance revenues, which are not based on future realization events, are sufficient to cover associated operating expenses.

Non-IFRS ratio	Definition	Purpose
Adjusted net earnings from continuing operations per share	Earnings per share calculated using adjusted net earnings from continuing operations. Adjusted net earnings from continuing operations divided by the weighted average number of participating shares outstanding.	Assists in comparing adjusted net earnings from continuing operations on a per share basis; refer to "Adjusted net earnings from continuing operations" definition above.
Adjusted net asset value per share	Adjusted net asset value calculated on a per share basis. Adjusted net asset value divided by the number of participating shares outstanding at the end of the reporting period.	Assists the reader in comparing the adjusted net asset value on a per share basis; refer to "Adjusted net asset value" definition above.

These non-IFRS financial measures do not have a standard meaning and may not be comparable to similar measures used by other entities.

RECONCILIATIONS OF IFRS AND NON-IFRS FINANCIAL MEASURES

Adjusted Net Earnings

The following table presents a reconciliation of adjusted net earnings, a non-IFRS financial measure, to net earnings reported in accordance with IFRS. Adjusted net earnings is presented in the section "Contribution to Net Earnings and Adjusted Net Earnings":

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Adjusted net earnings from continuing operations - Non-IFRS financial measure ¹	867	863	829	3,400	2,971
Share of Adjustments ² , net of tax					
Lifeco	(174)	(57)	(14)	(517)	(149)
IGM	13	(1)	19	18	14
GBL	(180)	(67)	–	(225)	(44)
Sagard and Power Sustainable	(118)	(35)	(12)	(116)	(26)
Standalone businesses	–	–	111	12	26
	(459)	(160)	104	(828)	(179)
Net earnings from continuing operations - IFRS financial measure ¹	408	703	933	2,572	2,792
Net earnings (loss) from discontinued operations - Putnam	–	–	–	–	(49)
Net earnings - IFRS financial measure ¹	408	703	933	2,572	2,743

¹ Attributable to participating shareholders of Power Corporation.

² Refer to the section "Adjustments" for more details on Adjustments from Lifeco, IGM, GBL, Sagard and Power Sustainable and the Standalone businesses.

Adjustments (excluded from Adjusted net earnings)

The following table presents the Corporation's share of Adjustments on a pre- and post-tax basis:

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Lifeco¹					
Market experience relative to expectations (pre-tax)	(58)	33	40	(182)	195
Income tax (expense) benefit	16	(5)	(14)	34	(49)
Assumption changes and management actions (pre-tax)	(20)	(17)	14	(69)	(144)
Income tax (expense) benefit	1	–	(3)	9	42
Business transformation and other impacts (pre-tax) ²	(61)	(48)	(23)	(242)	(97)
Income tax (expense) benefit	12	9	3	64	21
Amortization of acquisition-related finite life intangible assets (pre-tax)	(34)	(33)	(35)	(136)	(136)
Income tax (expense) benefit	9	7	9	34	35
Tax legislative changes and other tax impacts	–	7	10	15	10
	(135)	(47)	1	(473)	(123)
Effect of consolidation (pre-tax) ³	(39)	(10)	(19)	(44)	(30)
Income tax (expense) benefit	–	–	4	–	4
	(174)	(57)	(14)	(517)	(149)
IGM¹					
Gain on partial sales of investment in associates (pre-tax)	28	–	–	28	–
Income tax (expense) benefit	(12)	–	–	(12)	–
Tax loss consolidation	–	–	3	–	3
Rockefeller debt refinancing (pre-tax)	–	–	–	–	(2)
Income tax (expense) benefit	–	–	–	–	–
Share of Lifeco adjustments (pre-tax)	(3)	(2)	–	(11)	(4)
Income tax (expense) benefit	–	–	–	–	–
	13	(2)	3	5	(3)
Effect of consolidation (pre-tax) ³	–	1	–	15	–
Income tax (expense) benefit	–	–	16	(2)	17
	13	(1)	19	18	14
GBL					
Imerys impairment and other charges and currency translation reclassification (pre-tax and post-tax)	(155)	–	–	(155)	(44)
Loss on partial divestment of GBL Capital portfolio and Sienna Investment Managers (pre-tax and post-tax)	(25)	(67)	–	(92)	–
Affidea's gain on debt modification (pre-tax and post-tax)	–	–	–	22	–
	(180)	(67)	–	(225)	(44)
Publicly traded operating companies	(341)	(125)	5	(724)	(179)

Adjustments (excluded from Adjusted net earnings) (continued)

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Sagard and Power Sustainable					
Remeasurement of deferred tax assets	–	–	16	–	16
Currency translation reclassification on Power Sustainable China (pre-tax)	–	–	–	–	54
Income tax (expense) benefit	–	–	–	–	–
Revaluation of NCI liabilities and other market-related impacts (pre-tax)	(116)	(36)	(24)	(128)	(80)
Income tax (expense) benefit	(2)	1	(4)	12	(2)
Restructuring charges (pre-tax)	–	–	–	–	(14)
Income tax (expense) benefit	–	–	–	–	–
	(118)	(35)	(12)	(116)	(26)
Standalone businesses					
Gain on disposal of Peak and affiliated business (pre-tax)	–	–	279	–	325
Income tax (expense) benefit	–	–	–	–	–
Lion impairment and other market-related impacts (pre-tax)	–	–	(81)	–	(130)
Income tax (expense) benefit	–	–	–	–	8
LMPG impairment and other market-related impacts (pre-tax)	–	–	(87)	–	(177)
Income tax (expense) benefit	–	–	–	–	–
LMPG remeasurement of deferred tax liabilities	–	–	–	12	–
	–	–	111	12	26
	(459)	(160)	104	(828)	(179)

1 As reported by Lifeco and IGM.

2 Business transformation and other impacts include acquisition and divestiture costs as well as restructuring and integration costs.

3 The Effect of consolidation reflects i) the elimination of intercompany transactions; and ii) the application of the Corporation's accounting method for investments under common ownership to the Adjustments reported by Lifeco and IGM, including a realized gain recognized by IGM in the second quarter of 2025 on the sale of a portion of its interest in Conquest, a corporate investment classified by IGM as FVOCI.

Adjusted Net Asset Value

The following table presents a reconciliation of the participating shareholders' equity reported in accordance with IFRS to the adjusted net asset value, a non-IFRS financial measure. Adjusted net asset value is presented in the section "Adjusted Net Asset Value":

	December 31, 2025	December 31, 2024
Participating shareholders' equity – IFRS financial measure		
Share capital – participating shares	9,159	9,236
Retained earnings	11,674	11,364
Reserves	2,249	2,330
	23,082	22,930
Fair value adjustments ¹		
Lifeco	24,910	13,184
IGM	4,807	2,698
GBL	(600)	(1,521)
Sagard and Power Sustainable	2,324	1,687
Standalone businesses	3	(4)
	31,444	16,044
Adjusted net asset value – Non-IFRS financial measure	54,526	38,974
Per share ²		
Participating shareholders' equity (book value)	36.31	35.56
Adjusted net asset value	85.77	60.44

1 Refer to the section "Adjusted Net Asset Value" for more details on the fair value adjustments.

2 Attributable to participating shareholders.

Consolidated Assets Under Management and Advisement, and Consolidated Assets and Assets Under Administration

(in billions of dollars)	December 31, 2025	December 31, 2024
Total consolidated assets under management and advisement	1,433	1,259
Assets under administration only	2,267	2,073
	3,700	3,332
Other assets on balance sheets	271	267
Total consolidated assets and assets under administration	3,971	3,599
<i>of which: total balance sheet assets</i>	926	851

Fee-related earnings (of alternative asset investment platforms)

The following table presents the reconciliation of the net earnings attributable to participating shareholders of Power Corporation in accordance with IFRS to the fee-related earnings of the alternative asset investment platforms, a non-IFRS financial measure. Fee-related earnings is presented in the section "Asset Management Activities" of the section "Sagard and Power Sustainable".

	Three months ended			Twelve months ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Net earnings attributable to participating shareholders of Power Corporation - IFRS financial measure	408	703	933	2,572	2,743
Excluding:					
Contribution to net earnings from Lifeco	(649)	(765)	(735)	(2,621)	(2,613)
Contribution to net earnings from IGM	(191)	(168)	(180)	(658)	(582)
Contribution to net earnings from GBL	195	78	(18)	263	(31)
Contribution to net earnings from Lifeco, IGM and GBL	(645)	(855)	(933)	(3,016)	(3,226)
Contribution to net earnings from the holding company	119	88	84	431	348
Contribution to net earnings from Alternative Asset Investment Platforms and Other	(118)	(64)	84	(13)	(135)
Excluding:					
Investing activities	116	52	12	(12)	23
Standalone businesses	5	2	(106)	2	38
Contribution to net earnings from Asset Management Activities	3	(10)	(10)	(23)	(74)
Adjustments:					
Sagard					
Non-controlling interests	(3)	(2)	2	(1)	19
Loss (earnings) from private wealth platform and other asset management activities	–	(1)	1	(1)	2
Net carried interest	(10)	(45)	(6)	(89)	(41)
Share-based compensation	1	–	1	8	7
Amortization of intangibles	4	5	1	12	5
Acquisition-related costs ¹	5	8	–	19	4
Change in fair value of NCI liabilities	(3)	22	3	17	2
Income taxes and other	(12)	7	4	(4)	(4)
Power Sustainable					
Non-controlling interests	(4)	(1)	(2)	(8)	(7)
Loss (earnings) from development and asset management activities provided by Potentia and Nautilus on behalf of PSEIP	9	5	(2)	15	11
Net carried interest	(12)	(1)	1	(6)	15
Share-based compensation	1	2	–	5	–
Acquisition-related costs	–	–	–	–	8
Restructuring charges	–	–	–	–	14
Other	1	(1)	(1)	–	(1)
	(23)	(2)	2	(33)	34
Fee-related earnings (loss) - Non-IFRS financial measure	(20)	(12)	(8)	(56)	(40)
<i>Sagard</i>	<i>(9)</i>	<i>(5)</i>	<i>5</i>	<i>(25)</i>	<i>(1)</i>
<i>Power Sustainable</i>	<i>(11)</i>	<i>(7)</i>	<i>(13)</i>	<i>(31)</i>	<i>(39)</i>

¹ Includes transaction costs and changes in fair value related to contingent consideration.

OTHER MEASURES

This MD&A also includes other measures, which include:

Term	Definition
Assets under management and administration	Operating asset management and investment management services businesses within the Power group, including IGM, alternative asset managers and Wealthsimple, present the total value of assets managed or administered which are beneficially owned by clients and are not recognized in the consolidated financial statements. The composition of the assets under management and administration is relative to the activities of the asset managers and are further defined as follows:
Assets under management and advisement (AUM&A) of IGM	AUM&A represents the consolidated AUM and AUA of IGM's core businesses IG Wealth Management and Mackenzie Investments. In IGM's Wealth Management segment, AUM is a component part of AUA. Assets under management are client assets where IGM provides investment management services, and include investment funds where IGM is the fund manager, investment advisory mandates to institutions, and other client accounts where IGM has discretionary portfolio management responsibilities. Assets under advisement represents savings and investment products held within the client accounts of IGM's Wealth Management segment's core business.
Assets under management and advisement including strategic investments (AUM&A including SI) of IGM	AUM&A including SI represents IGM's AUM&A including its proportionate share of the AUM&A of strategic investments, based on IGM's interest in the strategic investments. The strategic investments included are those whose activities are primarily in asset and wealth management, and include interests in ChinaAMC, Northleaf, Rockefeller and Wealthsimple. Rockefeller client assets include assets under management and advisement as well as assets held for investment purposes and only receiving administrative services.
Assets under management of alternative asset investment platforms	Assets under management of investment platforms include: ▪ Net asset value of the investment funds and co-investment vehicles managed, including unfunded commitments and permanent leverage; ▪ Gross asset value of investment funds managed within the real estate platform; and ▪ Fair value of assets managed on behalf of the Corporation and clients by asset managers controlled within the investment platforms, including assets managed through a separately managed account.
Assets under administration of Wealthsimple	Assets under administration includes the total value of assets held on behalf of clients and includes client assets in which investment management services are provided.
Book value per participating share	Represents Power Corporation's participating shareholders' equity divided by the number of participating shares outstanding at the end of the reporting period.
Capital commitments	Represents the total amount of capital that a limited partner investor has contractually agreed to contribute to an investment fund over the life of the fund. A commitment to an investment fund is a legally binding obligation and represents the maximum capital the fund manager can call from the investor over the investment period.
Carried interest	Carried interest is earned through a contractual arrangement between alternative asset managers and the funds managed in which the asset manager earns a fixed percentage of investment returns over a predetermined hurdle return.
Fee-bearing capital	Fee-bearing capital includes: ▪ Total capital commitments of venture capital, private equity, and certain private credit funds during the investment period; ▪ Net invested capital of private credit funds, funds which have completed their investment period, separately managed accounts within the credit platforms and certain co-investment vehicles; ▪ Net asset value of Power Sustainable Energy Infrastructure including direct investments in energy assets, and funds within the real estate platform; and ▪ Invested capital or gross asset value of assets managed through separately managed accounts within the real estate platform.
Market capitalization	Represents the aggregate market value of a company. Market capitalization is determined at a point in time and represents the number of outstanding shares multiplied by the closing share price.

Term	Definition
Net asset value reported by GBL	On a quarterly basis, GBL reports its net asset value as it represents an important criterion used in assessing its performance. GBL's net asset value represents the fair value of its investment portfolio, its gross cash, the present value of its Concentrix note and its treasury shares, less its gross debt. ▪ GBL's investments held in listed entities and treasury shares are measured at their market value, the present value of the Concentrix note is calculated at the market rate taking into account Concentrix's credit quality, investments in private entities are measured using the recommendations of the International Private Equity and Venture Capital Valuation Guidelines, and recent investments are valued at their acquisition cost, which represents GBL management's best estimate. ▪ GBL Capital's portfolio of investments is measured by adding all investments at fair value provided by the fund managers with GBL Capital's net cash, less its net debt. ▪ Sienna Investment Managers' assets are valued at the fair value of the acquired management companies. For more information on GBL's net asset value and valuation principles, refer to its website (www.gbl.com).
Net asset value of investment funds	Net asset value of investment funds represents the fair value of the investments held within the fund, net of any liabilities.
Net carried interest	Represents carried interest earned, net of direct employee costs which are usually recognized over the vesting period.
Unfunded commitments	Represents the capital that has been committed by limited partners, but not called by the fund. In some cases, unfunded commitments include distributions for funds currently in the investment period, which are recallable by the fund.
Weighted average management fee rate	Represents the weighted average management fee rate charged on the fee-bearing capital across all asset classes during the period. Management fees earned during the period are divided by the average fee-bearing capital of funds, co-investment vehicles and separately managed accounts during such period. Management fees include retroactive management fees earned during the period related to the timing of subsequent fundraising closes.

ABBREVIATIONS

The following abbreviations are used throughout this report:

adidas	adidas AG	PVC III	Performance Venture Capital III, LP
Adjusted net earnings	Adjusted net earnings from continuing operations	PVC IV	Performance Venture Capital IV, LP
Affidea	Affidea Group B.V.	PVC V	Performance Venture Capital V, LP
Alternative asset investment platforms or Investment platforms	Alternative Asset Investment Platforms	PVC VI	Performance Venture Capital VI, LP
BEX	BEX Capital SAS	PVC SOF	Performance Venture Capital Special Opportunities Fund I, LP
BEX II	BEX Fund II S.L.P.	Pernod Ricard	Pernod Ricard SA
BEX III	BEX Fund III S.L.P.	Portage Capital Solutions	Portage Capital Solutions Fund I LP
BEX IV	BEX Fund IV S.L.P.	Portage Ventures I	Portag3 Ventures Limited Partnership
BEX V	BEX Fund V S.L.P.	Portage Ventures II	Portag3 Ventures II Limited Partnership
Canada Life	The Canada Life Assurance Company	Portage Ventures III	Portage Ventures III Limited Partnership
Canyon	Canyon Bicycles GmbH	Portage Ventures IV	Portage Ventures IV Limited Partnership
ChinaAMC	China Asset Management Co., Ltd.	Portage Ventures Funds	Portage Ventures I, Portage Ventures II, Portage Ventures III and Portage Ventures IV
Concentrix	Concentrix Corporation	Potenia or Potenia Renewables	Potenia Renewables Inc.
Conquest	Conquest Planning Inc.	Power Financial	Power Financial Corporation
Diagram	Diagram Corporation	Power group	The Corporation and the subsidiaries and affiliated companies of the Corporation
Diagram ClimateTech	Diagram ClimateTech Fund LP	Power Sustainable	Power Sustainable Capital Inc.
Diagram Funds	Diagram Ventures I, Diagram Ventures II, Diagram Ventures III, Diagram ClimateTech, Diagram Opportunity	Power Sustainable Decarb PE	Power Sustainable Decarbonization Private Equity
Diagram Opportunity	Diagram Opportunity Fund I LP	Power Sustainable Energy or Power Sustainable Energy Infrastructure	Power Sustainable Energy Infrastructure Inc.
Diagram Ventures I	Diagram Ventures LP	Power Sustainable Infrastructure Credit	Power Sustainable Infrastructure Credit Manager, LP
Diagram Ventures II	Diagram Ventures II LP	Power Sustainable Lios	Power Sustainable Lios Inc.
Diagram Ventures III	Diagram Ventures III LP	Power Sustainable Manager or PSM	Power Sustainable Manager Inc.
EBR	Euronext Brussels	Prudential	Prudential Financial, Inc.
Empower	Empower Annuity Insurance Company of America	PSEIP	Power Sustainable Energy Infrastructure Partnership
EPA	Euronext Paris	Putnam	Putnam U.S. Holdings I, LLC
EverWest	EverWest Holdings Inc.	Rockefeller	Rockefeller Capital Management
Franklin Templeton	Franklin Resources, Inc.	Sagard	Sagard Holdings Inc.
Frère Group	Groupe Frère / Compagnie Nationale à Portefeuille	Sagard CLO Equity	Sagard CLO Equity Fund LP
FVOCI	Fair value through other comprehensive income	Sagard Credit Partners I	Sagard Credit Partners, LP
FVPL	Fair value through profit or loss	Sagard Credit Partners II	Sagard Credit Partners II, LP
GBL	Groupe Bruxelles Lambert	Sagard Credit Partners III	Sagard Credit Partners III, LP
GMT	Global Minimum Tax	Sagard Healthcare Partners	Sagard Healthcare Royalty Partners, LP
Grayhawk	Grayhawk Wealth Holdings Inc.	Sagard MidCap	Sagard MidCap II, Sagard MidCap 3, and Sagard MidCap 4
HalseyPoint	HalseyPoint Asset Management, LLC	Sagard MidCap II	Sagard II-A FPCI and Sagard II-B FPCI
IASB	International Accounting Standards Board	Sagard MidCap 3	Sagard 3 FPCI
IFRS	International Financial Reporting Standards (IFRS) Accounting Standards, as issued by the IASB	Sagard MidCap 4	Sagard 4A FPCI and Sagard 4 FIPS
IGM or IGM Financial	IGM Financial Inc.	Sagard NewGen	Sagard NewGen FPCI
IG Wealth Management	IGWM Inc.	Sagard NewGen 2	Sagard NewGen 2 FPCI
Imerys	Imerys SA	Sagard Private Credit	Sagard Private Credit LP
Irish Life	Irish Life Group Limited	Sagard Private Equity Canada or SPEC	Sagard Private Equity Canada LP
Lifeco	Great-West Lifeco Inc.	Sagard Private Equity Strategies	Sagard Private Equity Strategies LP
Lion or Lion Electric	The Lion Electric Company	Sagard Senior Lending Partners or SSLP	Sagard Senior Lending Partners Holdings (I and II) LP, and Sagard Senior Lending Partners Holdings (I-U and II-U) LP
LMPG	LMPG Inc.	Sanoptis	Sanoptis AG
Mackenzie or Mackenzie Investments	Mackenzie Financial Corporation	SGS	SGS SA
Nautilus or Nautilus Solar	Nautilus Solar Energy, LLC	SHMI	Sagard Holdings Management Inc.
NCIB	Normal Course Issuer Bid	SIX	Swiss Stock Exchange
Northleaf	Northleaf Capital Group Ltd.	TSARs	Tandem Share Appreciation Rights
Ontex	Ontex Group NV	TSX	Toronto Stock Exchange
PanAgora	PanAgora Asset Management, Inc.	Umicore	Umicore, NV/SA
Pargesa	Pargesa SA	Unigestion	Unigestion Private Equity Holding SA
Parjointco	Parjointco SA	USPF	GWL U.S. Property Fund LP
Parques Reunidos	Parques Reunidos Servicios Centrales, S.A.	Wealthsimple	Wealthsimple Financial Corp.
Peak	Peak Achievement Athletics Inc.	XETR	XETRA Stock Exchange
PDI III	Performance Direct Investments III, LP		
PDI IV	Performance Direct Investments IV, LP		
PDI V	Performance Direct Investments V, LP		
PEM	Performance Equity Management, LLC		
PVC I	Performance Venture Capital, LP		
PVC II	Performance Venture Capital II, LP		

SELECTED ANNUAL INFORMATION

For the years ended December 31	2025	2024	2023
Total revenues ¹	50,466	45,255	46,428
Consolidated assets under management and advisement (in billions) ²	1,433	1,259	1,097
Consolidated assets and assets under administration (in billions) ²	3,971	3,599	2,946
Net earnings (attributable to participating shareholders)	2,572	2,743	2,195
per share – basic	4.01	4.23	3.32
per share – diluted	3.94	4.19	3.30
Net earnings from continuing operations (attributable to participating shareholders)	2,572	2,792	2,282
per share – basic	4.01	4.31	3.45
Adjusted net earnings from continuing operations (attributable to participating shareholders) ²	3,400	2,971	2,671
per share – basic	5.31	4.58	4.04
Consolidated assets	925,735	851,359	749,478
Consolidated liabilities	880,687	807,373	708,213
Power Corporation's debentures and other debt instruments	647	647	647
Non-recourse debentures and other debt instruments of:			
Power Financial, Lifeco and IGM	11,354	12,031	11,608
Consolidated investment funds and Other	4,146	3,878	3,017
Shareholders' equity	24,432	23,880	22,143
Book value per participating share	36.31	35.56	32.49
Adjusted net asset value per share ²	85.77	60.44	53.53
Number of participating shares outstanding (in millions)			
Participating Preferred Shares	54.9	54.9	54.9
Subordinate Voting Shares	580.9	589.9	597.4
Dividends per share (declared)			
Participating shares	2.4500	2.2500	2.1000
First preferred shares of Power Corporation ³			
Series A	1.4000	1.4000	1.4000
Series B	1.3375	1.3375	1.3375
Series C	1.4500	1.4500	1.4500
Series D	1.2500	1.2500	1.2500
Series G	1.4000	1.4000	1.4000
Series H ⁴	0.4529	–	–
First preferred shares of Power Financial			
Series A ⁵	0.8584	1.1808	1.2145
Series D	1.3750	1.3750	1.3750
Series E	1.3125	1.3125	1.3125
Series F	1.4750	1.4750	1.4750
Series H	1.4375	1.4375	1.4375
Series K	1.2375	1.2375	1.2375
Series L	1.2750	1.2750	1.2750
Series O	1.4500	1.4500	1.4500
Series P ⁶	0.4995	0.4995	0.4995
Series Q ⁷	1.0792	1.5709	1.5750
Series R	1.3750	1.3750	1.3750
Series S	1.2000	1.2000	1.2000
Series T	1.3988	1.3988	1.0538
Series V	1.2875	1.2875	1.2875
Series 23	1.1250	1.1250	1.1250

¹ Total revenues includes net investment income and changes in fair value through profit or loss included in the net investment result on the consolidated statements of earnings.

² Consolidated assets under management and advisement, consolidated assets and assets under administration, adjusted net earnings, adjusted net earnings per share and adjusted net asset value per share are non-IFRS financial measures or non-IFRS ratios. In 2025, the Corporation enhanced the disclosure of the components of consolidated assets and assets under administration. The comparative periods have been restated to conform with the current presentation; the amounts presented for the period ended December 31, 2023 exclude assets under management of discontinued operations of \$162 billion. For a definition of these non-IFRS financial measures, refer to the section "Non-IFRS Financial Measures" in this MD&A.

³ The Corporation issued Series I First Preferred Shares on November 20, 2025. An initial dividend of \$0.5650 per share was declared on March 18, 2026.

⁴ The Series H First Preferred Shares were issued by the Corporation on September 22, 2025. An initial dividend of \$0.45291 per share was declared on November 12, 2025.

⁵ The Series A First Preferred Shares are entitled to a quarterly cumulative dividend at a floating rate equal to one quarter of 70% of the average prime rate quoted by two major Canadian chartered banks.

⁶ On January 31, 2026, the Series P shares were subject to a dividend rate reset for the five-year period from and including January 31, 2026. The dividend rate was reset to 4.591% or \$0.286938 per share in cash dividends payable quarterly.

⁷ The Series Q shares are entitled to an annual non-cumulative dividend, payable quarterly at a floating rate equal to the 3-month Government of Canada Treasury Bill rate plus 1.60%. On February 2, 2026, all of the outstanding Series Q shares were converted on a one-for-one basis into Series P shares.

SUMMARY OF QUARTERLY RESULTS

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Insurance revenue	5,690	5,594	5,551	5,486	5,399	5,292	5,273	5,250
Net investment income	2,887	2,793	2,459	2,469	2,931	2,365	2,548	2,516
Change in FVPL on investments	(30)	1,780	1,085	1,406	(2,886)	6,944	(848)	(1,333)
Fee income and other revenues	3,501	3,371	3,255	3,169	3,201	2,939	2,935	2,729
Total revenues	12,048	13,538	12,350	12,530	8,645	17,540	9,908	9,162
Net earnings ¹	408	703	772	689	933	371	730	709
per share – basic	0.64	1.10	1.20	1.07	1.44	0.58	1.12	1.09
per share – diluted	0.62	1.07	1.19	1.05	1.43	0.56	1.12	1.08
Earnings from continuing operations								
Net earnings from continuing operations ¹	408	703	772	689	933	371	730	758
per share – basic	0.64	1.10	1.20	1.07	1.44	0.58	1.12	1.17
per share – diluted	0.62	1.07	1.19	1.05	1.43	0.56	1.12	1.16
Adjusted net earnings from continuing operations ^{1,2,3}	867	863	883	787	829	693	739	710
per share – basic ²	1.36	1.35	1.38	1.22	1.28	1.07	1.14	1.09
Adjustments ^{2,3,4}	(459)	(160)	(111)	(98)	104	(322)	(9)	48
per share – basic ²	(0.72)	(0.25)	(0.18)	(0.15)	0.16	(0.49)	(0.02)	0.08

1 Attributable to participating shareholders.

2 Adjusted net earnings from continuing operations attributable to participating shareholders and adjusted net earnings from continuing operations per share, and adjustments and adjustments per share are non-IFRS financial measures or non-IFRS ratios. For a definition of these non-IFRS financial measures, please refer to the section "Non-IFRS Financial Measures" in this MD&A.

3 GMT legislation was enacted in Canada on June 20, 2024 and applies retroactively to January 1, 2024. As a result, the comparative results for adjusted net earnings and Adjustments for the first quarter of 2024 are presented on a pro forma basis as if the legislation had been enacted in the first quarter of 2024.

4 The Corporation's share of Adjustments is as follows:

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Lifeco								
Pre-tax	(212)	(75)	(234)	(152)	(23)	(171)	(29)	11
Tax effect	38	18	66	34	9	28	6	20
	(174)	(57)	(168)	(118)	(14)	(143)	(23)	31
IGM								
Pre-tax	25	(1)	10	(2)	–	(3)	(3)	–
Tax effect	(12)	–	(2)	–	19	–	–	1
	13	(1)	8	(2)	19	(3)	(3)	1
GBL								
Pre-tax	(180)	(67)	–	22	–	(44)	–	–
Tax effect	–	–	–	–	–	–	–	–
	(180)	(67)	–	22	–	(44)	–	–
Sagard and Power Sustainable								
Pre-tax	(116)	(36)	38	(14)	(24)	(38)	(4)	26
Tax effect	(2)	1	11	2	12	3	–	(1)
	(118)	(35)	49	(12)	(12)	(35)	(4)	25
Standalone businesses								
Pre-tax	–	–	–	–	111	(97)	16	(12)
Tax effect	–	–	–	12	–	–	5	3
	–	–	–	12	111	(97)	21	(9)
	(459)	(160)	(111)	(98)	104	(322)	(9)	48

CONSOLIDATED BALANCE SHEETS

[in millions of Canadian dollars]		December 31, 2025	December 31, 2024
Assets			
Cash and cash equivalents [Note 4]		14,366	13,744
Investments [Note 5]			
Bonds		174,867	167,400
Mortgage and other loans		44,045	44,665
Shares		22,344	19,572
Investment properties		8,493	8,350
		249,749	239,987
Insurance contract assets [Note 10]		1,571	1,193
Reinsurance contract held assets [Note 11]		16,850	17,842
Funds held on behalf of clients		24,320	16,720
Derivative financial instruments [Note 28]		2,290	2,637
Investments in jointly controlled corporations and associates [Note 6]		8,135	8,801
Owner-occupied properties and capital assets [Note 7]		6,544	6,269
Other assets [Note 8]		26,641	23,948
Deferred tax assets [Note 18]		2,408	2,181
Intangible assets [Note 9]		7,031	6,974
Goodwill [Note 9]		14,661	14,677
Investments on account of segregated fund policyholders [Note 13]		551,169	496,386
Total assets		925,735	851,359
Liabilities			
Insurance contract liabilities [Note 10]		161,644	155,683
Investment contract liabilities [Note 12]		89,042	90,157
Reinsurance contract held liabilities [Note 11]		919	795
Obligations to securitization entities [Note 14]		4,815	5,025
Power Corporation's debentures and other debt instruments [Note 15]		647	647
Non-recourse debentures and other debt instruments of:			
Power Financial, Lifeco and IGM [Note 16A]		11,354	12,031
Consolidated investment funds and Other [Note 16B]		4,146	3,878
Client funds payable		25,793	16,605
Derivative financial instruments [Note 28]		2,438	2,180
Other liabilities [Note 17]		27,299	22,733
Deferred tax liabilities [Note 18]		1,421	1,253
Insurance contracts on account of segregated fund policyholders [Note 13]		70,418	66,343
Investment contracts on account of segregated fund policyholders [Note 13]		480,751	430,043
Total liabilities		880,687	807,373
Equity			
Share capital [Note 19]			
Non-participating shares		1,350	950
Participating shares		9,159	9,236
Retained earnings		11,674	11,364
Reserves		2,249	2,330
Total shareholders' equity		24,432	23,880
Non-controlling interests [Note 21]		20,616	20,106
Total equity		45,048	43,986
Total liabilities and equity		925,735	851,359

Approved by the Board of Directors

/s/ Siim A. Vanaselja

Siim A. Vanaselja
Director

/s/ R. Jeffrey Orr

R. Jeffrey Orr
Director

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31 [in millions of Canadian dollars, except per share amounts]	2025	2024
Insurance service result		
Insurance revenue [Note 24]	22,321	21,214
Insurance service expenses [Note 25]	(17,239)	(16,368)
Net expense from reinsurance contracts	(1,703)	(1,599)
Total insurance service result	3,379	3,247
Net investment result [Note 5]		
Net investment income	10,608	10,360
Changes in fair value through profit or loss	4,241	1,877
	14,849	12,237
Net finance income (expenses) from insurance contracts	(6,355)	(5,918)
Net finance income (expenses) from reinsurance contracts	(326)	(10)
Changes in investment contract liabilities	(5,002)	(2,932)
Net investment result	3,166	3,377
Net investment result - Insurance contracts on account of segregated fund policyholders		
Net investment income (loss)	5,044	6,828
Net finance income (expenses) from insurance contracts	(5,044)	(6,828)
Net investment result - Insurance contracts on account of segregated fund policyholders	-	-
Other revenues		
Fee income	12,298	11,057
Other	998	747
Total fee income and other revenues	13,296	11,804
Other expenses		
Operating and administrative expenses [Note 25]	14,178	12,462
Financing charges [Note 26]	849	812
Total other expenses	15,027	13,274
Earnings before investments in jointly controlled corporations and associates, and income taxes	4,814	5,154
Share of earnings of investments in jointly controlled corporations and associates [Note 6]	462	376
Earnings before income taxes	5,276	5,530
Income taxes [Note 18]	878	929
Net earnings from continuing operations	4,398	4,601
Net loss from discontinued operations	-	(115)
Net gain from disposal of discontinued operations	-	44
Net earnings	4,398	4,530
Attributable to		
Non-controlling interests [Note 21]	1,771	1,735
Non-participating shareholders	55	52
Participating shareholders	2,572	2,743
	4,398	4,530
Earnings per participating share [Note 31]		
Net earnings from continuing operations attributable to participating shareholders		
Basic	4.01	4.31
Diluted	3.94	4.27
Net earnings attributable to participating shareholders		
Basic	4.01	4.23
Diluted	3.94	4.19

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31
[in millions of Canadian dollars]

	2025	2024
Net earnings	4,398	4,530
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net earnings		
Net unrealized gains (losses) on FVOCI debt instruments		
Unrealized gains (losses)	130	113
Income tax (expense) benefit	(21)	(25)
Realized (gains) losses transferred to net earnings	(8)	47
Income tax expense (benefit)	3	(10)
	104	125
Net unrealized gains (losses) on cash flow hedges		
Unrealized gains (losses)	314	74
Income tax (expense) benefit	(69)	(16)
Realized (gains) losses transferred to net earnings	(195)	(61)
Income tax expense (benefit)	52	16
	102	13
Net unrealized foreign exchange gains (losses) on translation of foreign operations		
Unrealized gains (losses) on translation	(231)	1,388
Realized (gains) losses transferred to net earnings	-	(265)
Unrealized gains (losses) on hedges of net investments in foreign operations	(243)	(172)
Income tax (expense) benefit	(1)	40
	(475)	991
Share of other comprehensive income (losses) of investments in jointly controlled corporations and associates	210	401
Income tax (expense) benefit	-	(1)
	210	400
Total - items that may be reclassified	(59)	1,529
Items that will not be reclassified subsequently to net earnings		
Net unrealized gains (losses) on FVOCI equity instruments		
Unrealized gains (losses)	162	(414)
Income tax (expense) benefit	(1)	-
	161	(414)
Share of other comprehensive income (losses) of investments in jointly controlled corporations and associates	(255)	(151)
Actuarial gains (losses) on defined benefit plans [Note 27]	147	333
Income tax (expense) benefit	(46)	(90)
	101	243
Total - items that will not be reclassified	7	(322)
Other comprehensive income (loss)	(52)	1,207
Comprehensive income	4,346	5,737
Attributable to		
Non-controlling interests	1,746	2,180
Non-participating shareholders	55	52
Participating shareholders	2,545	3,505
	4,346	5,737

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2025	Share capital		Reserves				Non-controlling interests	Total equity
	Non-participating shares	Participating shares	Retained earnings	Share-based compensation	Other comprehensive income [Note 30]	Total		
[in millions of Canadian dollars]								
Balance, beginning of year	950	9,236	11,364	327	2,003	2,330	20,106	43,986
Net earnings	-	-	2,627	-	-	-	1,771	4,398
Other comprehensive loss	-	-	-	-	(27)	(27)	(25)	(52)
Comprehensive income	-	-	2,627	-	(27)	(27)	1,746	4,346
Issuance of non-participating shares [Note 19]	400	-	-	-	-	-	-	400
Subordinate voting shares purchased and cancelled under Normal Course Issuer Bid [Note 19]	-	(190)	(521)	-	-	-	-	(711)
Dividends to shareholders								
Non-participating shares	-	-	(55)	-	-	-	-	(55)
Participating shares	-	-	(1,568)	-	-	-	-	(1,568)
Dividends to non-controlling interests	-	-	-	-	-	-	(1,132)	(1,132)
Expense for share-based compensation [Note 20]	-	-	-	46	-	46	33	79
Stock options exercised	-	113	-	(40)	-	(40)	31	104
Realized gains on FVOCI equity instruments transferred to retained earnings	-	-	29	-	(29)	(29)	-	-
Share issue costs [Note 19]	-	-	(11)	-	-	-	-	(11)
Effects of changes in capital and ownership of subsidiaries, and other	-	-	(191)	(8)	(23)	(31)	(168)	(390)
Balance, end of year	1,350	9,159	11,674	325	1,924	2,249	20,616	45,048

For the year ended December 31, 2024	Share capital		Reserves				Non-controlling interests	Total equity
	Non-participating shares	Participating shares	Retained earnings	Share-based compensation	Other comprehensive income [Note 30]	Total		
[in millions of Canadian dollars]								
Balance, beginning of year	950	9,284	10,005	408	1,496	1,904	19,122	41,265
Net earnings	-	-	2,795	-	-	-	1,735	4,530
Other comprehensive income	-	-	-	-	762	762	445	1,207
Comprehensive income	-	-	2,795	-	762	762	2,180	5,737
Subordinate voting shares purchased and cancelled under Normal Course Issuer Bid [Note 19]	-	(161)	(269)	-	-	-	-	(430)
Dividends to shareholders								
Non-participating shares	-	-	(52)	-	-	-	-	(52)
Participating shares	-	-	(1,457)	-	-	-	-	(1,457)
Dividends to non-controlling interests	-	-	-	-	-	-	(1,060)	(1,060)
Expense for share-based compensation [Note 20]	-	-	-	39	-	39	22	61
Stock options exercised	-	113	-	(92)	-	(92)	82	103
Realized gains on FVOCI equity instruments transferred to retained earnings	-	-	238	-	(238)	(238)	-	-
Effects of changes in capital and ownership of subsidiaries, and other	-	-	104	(28)	(17)	(45)	(240)	(181)
Balance, end of year	950	9,236	11,364	327	2,003	2,330	20,106	43,986

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31
[in millions of Canadian dollars]

	2025	2024
Operating activities		
Earnings before income taxes from continuing and discontinued operations	5,276	5,370
Income tax paid, net of refunds received	(1,103)	(906)
Adjusting items		
Change in insurance contract liabilities	5,024	5,636
Change in investment contract liabilities	3,132	(5,538)
Change in reinsurance contract held liabilities	120	115
Change in reinsurance contract held assets	663	586
Change in insurance contract assets	(371)	38
Changes in fair value through profit or loss	(4,241)	(1,877)
Lifeco's insurance and investment contract-related activities		
Sales, maturities and repayments of investments	56,427	43,802
Purchases of investments	(60,942)	(42,396)
Other	795	1,061
	4,780	5,891
Financing activities		
Dividends paid		
By subsidiaries to non-controlling interests	(1,133)	(1,060)
Non-participating shares	(52)	(52)
Participating shares	(1,541)	(1,437)
	(2,726)	(2,549)
Issuance of equity		
Corporation's subordinate voting shares [Note 19]	104	103
Non-participating shares [Note 19]	400	-
Subsidiaries' common shares	429	388
Subsidiaries' preferred shares	550	-
Issuance of investment funds' limited-life and redeemable units	800	753
Repurchase or redemption of equity		
Corporation's subordinate voting shares for cancellation under Normal Course Issuer Bid [Note 19]	(711)	(430)
Subsidiaries' common shares	(1,179)	(237)
Redemption of investment funds' limited-life and redeemable units	(200)	(100)
Acquisition of non-controlling interests	(3)	(37)
Changes in Power Financial, Lifeco and IGM's debt instruments [Note 16A]		
Increase in other debt instruments	138	-
Repayment of senior notes	(689)	-
Decrease in other debt instruments	-	(60)
Changes in Consolidated investment funds and Other's debt instruments [Note 16B]		
Increase in other debt instruments	1,162	1,183
Decrease in other debt instruments	(861)	(462)
Repayment of lease liabilities [Note 17]	(96)	(91)
Increase in obligations to securitization entities	1,443	1,593
Repayment of obligations to securitization entities	(1,684)	(1,272)
Other	(548)	(42)
	(3,671)	(1,260)
Investing activities		
Sales maturities and repayment of investments	3,639	2,815
Purchases of investments	(3,950)	(3,293)
Distribution and proceeds from disposal of investments in jointly controlled corporations and associates [Note 6]	1,025	663
Investments in jointly controlled corporations and associates [Note 6]	(370)	(413)
Impact from disposal of discontinued operations	-	(211)
Business acquisitions and asset acquisition, net of cash and cash equivalents acquired	(67)	(447)
Acquisition of capital assets, properties and other	(625)	(874)
	(348)	(1,760)
Effect of changes in exchange rates on cash and cash equivalents	(139)	561
Increase in cash and cash equivalents	622	3,432
Cash and cash equivalents, beginning of year	13,744	10,312
Cash and cash equivalents, end of year	14,366	13,744
Net cash from operating activities includes		
Interest and dividends received	9,588	9,025
Interest paid	1,318	1,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL TABULAR AMOUNTS ARE IN MILLIONS OF CANADIAN DOLLARS, UNLESS OTHERWISE NOTED)

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The following abbreviations are used in these Consolidated Financial Statements:

Canada Life	The Canada Life Assurance Company	PAA	Premium allocation approach
ChinaAMC	China Asset Management Co., Ltd.	Pargesa	Pargesa SA
CSM	Contractual service margin	Parjointco	Parjointco SA
Empower	Empower Annuity Insurance Company of America	Portage Ventures I	Portag3 Ventures Limited Partnership
FVOCI	Fair value through other comprehensive income	Portage Ventures II	Portag3 Ventures II Limited Partnership
FVPL	Fair value through profit or loss	Portage Ventures III	Portage Ventures III Limited Partnership
GBL	Groupe Bruxelles Lambert	Potentia	Potentia Renewables Inc.
IFRS	International Financial Reporting Standards	Power Corporation or the Corporation	Power Corporation of Canada
IGM or IGM Financial	IGM Financial Inc.	Power Financial	Power Financial Corporation
IG Wealth Management	IGWM Inc. (formerly Investors Group Inc.)	Power Sustainable	Power Sustainable Capital Inc.
Lifeco	Great-West Lifeco Inc.	Power Sustainable Energy Infrastructure	Power Sustainable Energy Infrastructure Partnership
Lion	The Lion Electric Co.	Rockefeller	Rockefeller Capital Management
LMPG	LMPG Inc.	Sagard	Sagard Holdings Inc.
Mackenzie or Mackenzie Investments	Mackenzie Financial Corporation	SHMI	Sagard Holdings Management Inc.
Northleaf	Northleaf Capital Group Ltd.	TSX	Toronto Stock Exchange
OSFI	Office of the Superintendent of Financial Institutions	Wealthsimple	Wealthsimple Financial Corp.

NOTE 1 CORPORATE INFORMATION

Power Corporation of Canada is a publicly listed company (TSX: POW; POW.PR.E) incorporated and domiciled in Canada and located at 751 Victoria Square, Montréal, Quebec, Canada, H2Y 2J3.

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms.

The Consolidated Financial Statements (financial statements) of Power Corporation as at and for the year ended December 31, 2025 were approved by its Board of Directors on March 18, 2026.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of Power Corporation as at December 31, 2025 have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB).

The financial statements include the accounts of Power Corporation and its subsidiaries on a consolidated basis after elimination of intercompany transactions and balances, and consolidation adjustments.

The financial statements of Power Corporation include, on a consolidated basis, the results of Power Financial, a reporting issuer in all of the provinces and territories of Canada, and Lifeco and IGM Financial, which are both public companies. The amounts shown on the consolidated balance sheets (balance sheets), consolidated statements of earnings (statements of earnings), consolidated statements of comprehensive income (statements of comprehensive income), consolidated statements of changes in equity (statements of changes in equity) and consolidated statements of cash flows (statements of cash flows) are mainly derived from the publicly disclosed consolidated financial statements of Lifeco and IGM Financial, all as at and for the year ended December 31, 2025. Certain notes to Power Corporation's financial statements are derived from the notes to the financial statements of Lifeco and IGM Financial.

SUBSIDIARIES

Subsidiaries, including controlled investment funds, are entities the Corporation controls when: (i) the Corporation has power over the entity; (ii) it is exposed or has rights to variable returns from its involvement; and (iii) it has the ability to affect those returns through its use of power over the entity. Subsidiaries of the Corporation are consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date such control ceases. The Corporation reassesses whether or not it controls an entity if facts and circumstances indicate there are changes to one or more of the elements of control.

JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES

Jointly controlled corporations are entities in which unanimous consent is required for decisions relating to relevant activities. Associates are entities in which the Corporation exercises significant influence over the entity's operating and financial policies, without having control or joint control. Investments in jointly controlled corporations and associates are accounted for using the equity method. Under the equity method, the Corporation recognizes its share of net earnings (losses) and other comprehensive income (loss) of the jointly controlled corporations and associates, and dividends received.

In the case of investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization, the Corporation has elected to measure certain of its investments in jointly controlled corporations and associates at FVPL.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES**

The financial statements of Power Corporation include the operations of the following direct and indirect subsidiaries and investments in jointly controlled corporations and associates:

				% equity interest	
Corporation	Classification	Incorporated	Primary business operation	December 31, 2025	December 31, 2024
Holding company					
Power Corporation of Canada	Parent	Canada	Holding company		
Power Financial Corporation	Subsidiary	Canada	Holding company	100.0	100.0
Publicly traded companies					
Great-West Lifeco Inc. ¹	Subsidiary	Canada	Financial services holding company	71.1	70.6
The Canada Life Assurance Company	Subsidiary	Canada	Insurance and wealth management	100.0	100.0
Irish Life Group Limited	Subsidiary	Ireland	Insurance and wealth management	100.0	100.0
Empower Annuity Insurance Company of America	Subsidiary	United States	Financial services	100.0	100.0
IGM Financial Inc. ²	Subsidiary	Canada	Wealth and asset management	66.8	66.1
IG Wealth Management	Subsidiary	Canada	Financial services	100.0	100.0
Mackenzie Financial Corporation	Subsidiary	Canada	Asset management company	100.0	100.0
China Asset Management Co., Ltd.	Associate	China	Asset management company	27.8	27.8
Northleaf Capital Group Ltd. ³	Associate	Canada	Alternative asset manager	70.0	70.0
Rockefeller Capital Management	Associate	United States	Financial services	17.2	20.5
Parjointco SA	Joint control	Belgium	Holding company	50.0	50.0
Groupe Bruxelles Lambert ⁴	Subsidiary	Belgium	Holding company	34.2	32.9
Alternative asset investment platforms and other					
Power Sustainable Capital Inc.	Subsidiary	Canada	Holding company	100.0	100.0
Power Sustainable Manager Inc. ⁵	Subsidiary	Canada	Alternative asset manager	93.4	95.5
Power Sustainable Energy Infrastructure Partnership ⁶	Subsidiary	Canada	Renewable energy fund	41.2	46.5
Potentia Renewables Inc.	Subsidiary	Canada	Renewable energy	100.0	100.0
Nautilus Solar Energy, LLC	Subsidiary	United States	Renewable energy	100.0	100.0
Sagard Holdings Inc.	Subsidiary	Canada	Holding company	100.0	100.0
Sagard Holdings Management Inc. ⁷	Subsidiary	Canada	Alternative asset manager	55.2	63.5
BEX Capital SAS ⁸	Subsidiary	France	Alternative asset manager	45.0	-
Performance Equity Management, LLC	Subsidiary	United States	Alternative asset manager	100.0	38.0
HalseyPoint Asset Management, LLC	Joint control	United States	Alternative asset manager	40.0	40.0
Wealthsimple Financial Corp. ⁹	Subsidiary	Canada	Financial services	52.4	54.4
Portag3 Ventures LP ¹⁰	Subsidiary	Canada	Venture capital fund	100.0	100.0
Portag3 Ventures II LP ¹¹	Subsidiary	Canada	Venture capital fund	27.9	27.9
Portage Ventures III LP ¹²	Subsidiary	Canada	Venture capital fund	15.4	15.4
Portage Capital Solutions Fund I LP ¹³	Subsidiary	Canada	Venture capital fund	57.1	57.1
Standalone Business					
LMPG Inc.	Subsidiary	Canada	Lighting solutions	49.6	49.6

¹ Power Financial holds a 68.7% equity interest and IGM Financial holds a 2.4% equity interest in Lifeco (68.2% and 2.4%, respectively, at December 31, 2024).

² Power Financial holds a 62.9% equity interest and Canada Life holds a 3.9% equity interest in IGM Financial (62.2% and 3.9%, respectively, at December 31, 2024).

³ Represents a 49.9% non-controlling voting interest. Held through an acquisition vehicle 80% owned by Mackenzie Investments and 20% by Lifeco.

⁴ Parjointco has a controlling interest in GBL and holds a 47.8% voting interest (47.0% at December 31, 2024).

⁵ Power Corporation and Lifeco hold an equity interest of 73.0% and 20.4%, respectively, in Power Sustainable Manager Inc. (74.7% and 20.8%, respectively at December 31, 2024).

⁶ Power Corporation holds a 28.3% equity interest and Lifeco holds a 12.9% equity interest in Power Sustainable Energy Infrastructure Partnership (32.8% and 13.7%, respectively, at December 31, 2024).

⁷ Power Corporation, Lifeco and GBL hold an equity interest of 44.2%, 11.0% and 4.9%, respectively, in Sagard Holdings Management Inc. (50.8%, 12.7% and nil, respectively, at December 31, 2024). In March 2025, GBL acquired a 5% fully diluted interest in SHMI for a consideration of US\$33 million. In September 2025, Baird Financial Group (Baird) entered into a strategic partnership with SHMI and acquired a 5% fully diluted interest in SHMI for a consideration of US\$34 million.

⁸ The Corporation, through SHMI, currently has an exercisable option to buy an additional 5.1% equity interest in BEX Capital SAS.

⁹ Power Financial, Portage Ventures I and IGM Financial hold an equity interest of 13.9%, 9.6% and 28.9%, respectively, in Wealthsimple (13.8%, 10.5% and 30.1%, respectively, at December 31, 2024).

¹⁰ Power Financial holds a 63.0% equity interest and Lifeco and IGM Financial each hold an equity interest of 18.5% in Portage Ventures I.

¹¹ Power Financial, Lifeco and IGM Financial each hold an equal equity interest of 7.7% and Sagard holds a 4.7% equity interest in Portage Ventures II.

¹² Sagard, Lifeco and IGM Financial hold an equity interest of 2.4%, 9.0% and 4.0%, respectively, in Portage Ventures III.

¹³ Sagard and Lifeco hold an equity interest of 29.2% and 27.9%, respectively, in Portage Capital Solutions Fund I LP.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**CHANGES IN ACCOUNTING POLICIES**

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

USE OF SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the preparation of the financial statements, management of the Corporation and management of its subsidiaries are required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings, comprehensive income and related disclosures. Key sources of estimation, uncertainty and areas where significant judgments have been made by the management of the Corporation and the management of its subsidiaries are listed below and are discussed throughout the notes in these financial statements, including:

Item or balance affected by judgments or estimates	Applied by	Key judgments or estimates	Corresponding note(s)
Evaluation of control	Management of the Corporation and of its subsidiaries	Determining if the Corporation has the ability to direct the relevant activities of the subsidiaries, including investment funds or other structured entities, in order to derive variable returns. Judgment is exercised in evaluating the variable returns and in determining the extent to which the Corporation has the ability to exercise power to affect variable returns. Determining whether the Corporation is a principal or an agent when the Corporation or its subsidiaries act as a fund manager and also invest in the fund. The Corporation determines that it is a principal when it has sufficient capital invested and exposure to variability of returns generated as a result of the decisions of the Corporation or its subsidiaries as a fund manager. Judgment is applied in determining the sufficiency of the variability of returns and overall aggregate economic interest. In making these judgments, the Corporation considers the rights held by other investors, including their ability to remove the fund manager.	2
Fair value of assets acquired and liabilities assumed	Management of the Corporation and of its subsidiaries	Determining the fair value of assets acquired and liabilities assumed in a business combination requires judgment.	3
Assets and liabilities held for sale	Management of the Corporation and of its subsidiaries	Judgment is required in determining the assets and liabilities to be included in a disposal group. Estimation is required in the determination of the fair value for disposal groups, including contingent consideration and costs to sell.	3
Evaluation of significant influence and joint control	Management of the Corporation and of its subsidiaries	Determining if the Corporation exercises significant influence over the entity's operating and financing policies, or if unanimous consent is required for decisions relating to relevant activities.	2, 6
Classification of insurance and reinsurance contracts	Management of Lifeco	Determining whether arrangements should be accounted for as insurance, investment or service contracts.	2
Valuation of insurance and certain investment contract liabilities	Management of Lifeco	Determining the actuarial assumptions, including mortality, longevity, morbidity, expense and policyholder behaviour.	10, 12
Coverage units	Management of Lifeco	Determining the coverage units, which are based on an estimate of the quantity of coverage provided by the contracts in a group, considering the quantity of benefits provided and the expected coverage duration.	n/a

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Item or balance affected by judgments or estimates	Applied by	Key judgments or estimates	Corresponding note(s)
Amounts payable to a policyholder	Management of Lifeco	All terms of contracts issued are considered to determine whether there are amounts payable to the policyholder in all circumstances, regardless of contract cancellation, maturity, and the occurrence or non-occurrence of an insured event. Some amounts, once paid by the policyholder, are repayable to the policyholder in all circumstances. Such payments are considered to meet the definition of an investment component, irrespective of whether the amount repayable varies over the term of the contract, as the amount is repayable only after it has first been paid by the policyholder.	n/a
Discount rates to apply to insurance contract liability cash flows	Management of Lifeco	Determining the discount rates to apply to most insurance contract liability cash flows. Lifeco generally uses the top-down approach for cash flows of non-participating contracts that do not depend on underlying items. Applying this approach, Lifeco uses the yield curve implied in a reference portfolio of assets and adjusts it to exclude 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 cash flows. One of the key sources of estimation uncertainty is estimating the market risk premiums for credit risk of the underlying items that are only relevant to assets included in the reference portfolio, but not to the non-participating contracts. For some products, discount rates are set using a bottom-up approach, based on risk-free rates, plus an illiquidity premium, which also requires judgment.	10
Risk adjustment for non-financial risk	Management of Lifeco	Judgment is required in reflecting diversification and calculating the confidence level.	10, 11
Onerous contracts	Management of Lifeco	Determining at what level of granularity sufficient information is available to conclude that all contracts within a set will be in the same group. The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition and subsequently, with fulfillment cash flow expectations determined on a probability-weighted basis. Lifeco determines the appropriate level at which reasonable and supportable information is available to make this assessment.	10, 11
Measurement of impairment losses	Management of the Corporation and of its subsidiaries	Judgment is required on measurement of impairment losses under IFRS 9, <i>Financial Instruments</i> (IFRS 9) across relevant financial assets, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk.	5, 23
Fair value of financial instruments	Management of the Corporation and of its subsidiaries	Determining fair value inputs to establish the fair value of financial instruments, particularly those items categorized within Level 3 of the fair value hierarchy.	29

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Item or balance affected by judgments or estimates	Applied by	Key judgments or estimates	Corresponding note(s)
Fair value of equity-release mortgages	Management of Lifeco	Internal valuation models are used to determine the fair value of equity-release mortgages. These valuations are adjusted by applying management judgments and estimates for material changes in projected asset cash flows and discount rates.	5, 29
Fair value of investment properties	Management of its subsidiaries	Independent qualified appraisal services are used to determine the fair value of investment properties, which use assumptions that include judgments and estimates. These appraisals are adjusted by applying management's judgments and estimates for material changes in property cash flows, capital expenditures or general market conditions.	5, 29
Initial recognition and measurement of goodwill and intangible assets, as well as subsequent measurement	Management of the Corporation and of its subsidiaries	Evaluating the synergies and future benefits in business combinations for initial recognition and measurement of goodwill and intangible assets as well as determining the recoverable amount. The determination of the recoverable amount of the cash generating units (to which goodwill and intangible assets are assigned) relies upon valuation methodologies that require the use of estimates.	3, 9
Determination of cash generating unit groupings	Management of the Corporation and of its subsidiaries	Determining the cash generating unit groupings as the lowest level at which the assets are monitored for internal reporting purposes.	9
Measurement of the pension plans and other post-employment benefit obligations	Management of the Corporation and of its subsidiaries	Determining the actuarial assumptions used to determine the expense for the current year and defined benefit obligations for pension plans and other post-employment benefits. In evaluating the assumptions to be used, management reviews the previous experience of related plan members and market conditions, including interest rates and inflation rates.	27
Recognition and measurement of tax provisions and tax assets and liabilities	Management of the Corporation and of its subsidiaries	Interpreting the relevant tax laws, regulations and legislation where the Corporation and its subsidiaries operate to determine the tax provisions and the carrying amounts of the tax assets and liabilities.	18
Recoverability of deferred tax asset carrying values	Management of the Corporation and of its subsidiaries	Assessing the recoverability of the deferred tax asset carrying values based on future years' taxable income projections.	18
Recognition and measurement of legal and other provisions	Management of the Corporation and of its subsidiaries	Assessing whether a past event will result in a probable outflow of economic resources to settle the obligation. Judgment is applied in evaluating the possible outcomes and risks to determine the best estimate of the provision at the balance sheet date.	33
Derecognition of securitization mortgages	Management of IGM	Determining whether securitized mortgages are derecognized requires judgment with respect to the extent to which the risks and rewards of ownership are transferred.	14
Classification of revenues and expenses in sub-advisor arrangements	Management of Lifeco	Determining whether Lifeco retains the primary obligation with a client in sub-advisor arrangements. Where Lifeco retains the primary obligation to the client, revenues and expenses are recorded on a gross basis.	n/a

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Item or balance affected by judgments or estimates	Applied by	Key judgments or estimates	Corresponding note(s)
Deferred selling commissions	Management of IGM	Determining whether the client or the fund is the customer, as well as the assessment of the recoverability of the deferred selling commissions.	8
Deferred acquisition costs	Management of Lifeco	Determining whether deferred acquisition costs can be recognized on the consolidated balance sheets. Deferred acquisition costs are recognized if Lifeco's management determines the costs meet the definition of an asset, are incremental and related to the issuance of the investment contract.	8
Classification of non-controlling interests in limited-life fund units and redeemable fund units	Management of the Corporation and of its subsidiaries	Determining if non-controlling interests in funds are classified as liabilities or equity depends on whether an obligation exists to distribute residual net assets to non-controlling interests in the form of cash or another financial asset or assets delivered in kind. Judgment is used to determine what the governing documents of each entity require or permit in this regard.	17

The results of the Corporation reflect management of the Corporation and of its subsidiaries' judgments regarding the impact of prevailing global credit, equity and foreign exchange market conditions. The Corporation and its subsidiaries' practice is to use third-party independent credit ratings where available. Judgment is required when setting credit ratings for instruments that do not have a third-party rating.

MATERIAL ACCOUNTING POLICIES**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash, current operating accounts, overnight bank and term deposits and fixed income securities with an original term to maturity of three months or less. Overdraft bank balances are included in other liabilities.

INVESTMENTS

Investments include bonds, mortgage and other loans, shares, and investment properties.

A financial asset is measured at fair value on initial recognition and is classified and subsequently measured as FVPL, FVOCI, or amortized cost based upon the Corporation's or its subsidiaries' business models for managing these assets and the contractual cash flow characteristics of these assets.

Business models are determined at the level that reflects how groups of financial assets are managed together to achieve business objectives.

A financial asset is classified as FVOCI if it meets the following criteria and is not designated as FVPL:

- i) it is held in a business model whose objective is to hold to collect contractual cash flows and sell financial assets; and
- ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- iii) it is an investment in an equity instrument that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination, and at initial recognition, the Corporation or its subsidiaries has made an irrevocable election to present subsequent changes in FVOCI.

A financial asset is classified as amortized cost if it meets the following criteria and is not designated as FVPL:

- i) it is held in a business model whose objective is to hold to collect contractual cash flows; and
- ii) its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

FVOCI investments are recognized at fair value on the balance sheets with unrealized gains and losses recorded in the statements of comprehensive income.

Any financial asset that does not qualify for measurement at amortized cost or FVOCI is classified as FVPL. For financial instruments that meet the amortized cost or FVOCI criteria, the Corporation and its subsidiaries may designate, at initial recognition, such financial instruments as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Investments measured as FVPL are recognized at fair value on the balance sheets with realized and unrealized gains and losses recorded in the statements of earnings.

Investments in mortgage and other loans are initially classified with respect to the intent of the loan on origination.

Investment properties consist of real estate held to earn rental income or for capital appreciation that have an insignificant portion that is owner-occupied or where there is no intent to occupy on a long-term basis. Properties that do not meet these criteria are classified as owner-occupied properties. Investment properties are initially measured at cost and subsequently carried at fair value on the balance sheets. Changes in fair value are recorded as net investment income in the statements of earnings.

Derecognition

A financial asset is derecognized only when the contractual rights to the cash flows from the asset expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statements of earnings. In addition, on derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously accumulated is reclassified to the statements of earnings. On derecognition of equity instruments designated as FVOCI, the cumulative gain or losses are not reclassified to the statements of earnings but rather reclassified to retained earnings.

Fair Value Measurement

The Corporation and its subsidiaries maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following is a description of the methodologies used to value instruments carried at fair value.

BONDS AT FVPL AND FVOCI

Fair values for bonds measured as FVPL 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 Corporation and its subsidiaries obtain quoted prices in active markets, when available, for identical assets at the balance sheet date to measure bonds at fair value in its FVPL and FVOCI portfolios.

The Corporation and its subsidiaries estimate 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.

MORTGAGE AND OTHER LOANS AT FVPL AND FVOCI

There are no market-observable prices for mortgage and other loans; therefore, fair values for mortgage and other loans 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 AT FVPL

There are no market-observable prices for equity-release mortgages; Lifeco uses an internal valuation model 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.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**SHARES AT FVPL AND FVOCI**

Fair values of publicly traded shares are generally determined by the last bid price for the security from the exchange where it is principally traded. Fair values of shares 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 Corporation and its subsidiaries obtain quoted prices in active markets, when available, for identical assets at the balance sheet date to measure shares at fair value.

INVESTMENT PROPERTIES

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

Net Investment Income

Interest income is accounted for on an accrual basis using the effective interest method for bonds and mortgage and other loans.

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed shares and usually the notification date or date when the board of directors has approved the dividend for private equity instruments.

Investment property income includes rents earned from tenants under lease agreements and property tax and operating cost recoveries. Leases with contractual rent increases and rent-free periods are recognized on a straight-line basis over the term of the lease.

Interest income, dividend income and investment property income are recorded in net investment income in the statements of earnings.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**Expected Credit Losses**

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

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

Category	Description
Stage 1	Performing financial assets that have not experienced a significant increase in credit risk since initial recognition or have low credit risk are categorized into stage 1. A 12-month ECL allowance is calculated for stage 1 financial assets. To assess if credit risk has increased significantly, the Corporation and its subsidiaries compare the risk of default at initial recognition to the risk as at the current reporting date.
Stage 2	Performing financial assets that have experienced a significant increase in credit risk since initial recognition are categorized into stage 2. A lifetime ECL allowance is calculated for stage 2 financial assets. Financial assets are assessed for a significant increase in credit risk on an individual basis, utilizing the Corporation and its subsidiaries' internal credit risk rating system and the monitoring of timely payments on the assets. Financial assets that have contractual payments more than 30 days past due are generally presumed to have experienced a significant increase in credit risk and are included in stage 2. A financial asset in stage 2 can revert to stage 1 if the credit risk subsequently improves.
Stage 3	Impaired financial assets are categorized into stage 3 and require a lifetime ECL allowance. Financial assets are reviewed on an individual basis at the end of each reporting period to determine whether there is any objective evidence of impairment. The Corporation and its subsidiaries consider various factors in the impairment evaluation process, including, but not limited to, the financial condition of the issuer, specific adverse conditions affecting an industry or region, decline in fair value not related to interest rates, bankruptcy or defaults, and delinquency in payments of interest or principal. Financial assets are deemed to be impaired when there is no longer reasonable assurance of collection. The fair value of a financial asset is not a definitive indicator of impairment, as it may be significantly influenced by other factors, including the remaining term to maturity and liquidity of the asset; however, market price is taken into consideration when evaluating impairment.

The Corporation and its subsidiaries monitor all financial assets that are subject to impairment for significant increases in credit risk. In making this assessment, 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, is considered.

MODIFIED FINANCIAL ASSETS

An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the Corporation's accounting policies.

If modification does not result in derecognition, the financial asset continues to be subject to the assessment for significant increase in credit risk relative to initial recognition. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having lifetime ECLs, such loans can revert to having 12-month ECLs if the borrower's financial condition improves.

DEFINITION OF DEFAULT

The definition of default used in the measurement of ECL is consistent with the definition used for the Corporation and its subsidiaries' internal credit risk management purposes. A financial asset is considered to be in default when the issuer is unlikely to meet its credit obligations in full or when it is 90 days past due.

Securities Lending

Lifeco engages in securities lending through its securities custodians as lending agents. Loaned securities are not derecognized, and continue to be reported within investments, as Lifeco retains substantial risks and rewards and economic benefits related to the loaned securities.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**TRANSACTION COSTS**

Transaction costs related to financial instruments classified as FVPL are expensed as incurred. Transaction costs related to financial instruments classified as FVOCI are included in the value of the instrument at acquisition. Transaction costs related to financial instruments classified as amortized cost are included in the value of the instrument at acquisition and taken into net earnings using the effective interest method for fixed income instruments or when sold for debt instruments.

FEE INCOME AND OTHER REVENUES**Lifeco**

Fee income primarily includes fees earned from the management of investment contracts on account of segregated fund policyholders, proprietary mutual fund assets, record keeping, fees earned on administrative-services-only Group health contracts, commissions and fees earned from management services. Fee income is recognized on the transfer of services to customers for the amount that reflects the consideration expected to be received in exchange for those services promised.

Lifeco has sub-advisor arrangements where Lifeco retains the primary obligation with the client. As a result, fee income earned is reported on a gross basis, with the corresponding sub-advisor expense recorded in operating and administrative expenses.

IGM Financial

Wealth management revenue is earned for providing financial planning, investment advisory and related financial services. Revenues from financial advisory fees and investment management and related administration fees are based on the net asset value of investment funds or other assets under advisement and are recognized as services are performed. Distribution revenue associated with insurance and banking products and services is also recognized on an accrual basis while distribution fees derived from investment fund and securities transactions are recognized on a trade-date basis.

Asset management revenue related to investment management advisory and administrative services is based on the net asset value of investment funds and other assets under management and is accrued as services are performed.

Wealth and asset management revenue is included in fee income in the statements of earnings.

Other Subsidiaries

Revenues from contracts with customers are recognized by other subsidiaries when control of the goods or services is transferred to the customer for the amount that reflects the consideration which the subsidiary expects to receive in exchange for the goods or services.

Revenues from electricity sales are recognized when the electricity is delivered at the customer's connection point and there is no unfulfilled obligation that could affect the customer's acceptance of the electricity.

Revenues from contracts with customers and from electricity sales are included in other revenues in the statements of earnings.

Management fee revenues earned by the asset management subsidiaries, which manage assets on behalf of investors, include:

- Revenues from asset managers: management fees are earned in accordance with contractual arrangements with investment funds based on the committed capital, invested capital or the net asset value of the fund and are accrued as services are performed.
- Revenues from investment management businesses: management fee revenues are recognized based on daily management services provided to investors as the performance obligation is satisfied and transaction-based revenues are recognized upon execution of trades on a transaction-by-transaction basis.

Carried interest is a performance fee arrangement in which the alternative asset manager receives a percentage of investment returns, generated within an investment fund on carry-eligible capital, based on a contractual formula. Carried interest revenue is recognized when an investment fund's cumulative returns are in excess of preferred returns and when it is highly probable that a significant reversal will not occur.

Management fees and carried interest revenue are included in fee income in the statements of earnings.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**OWNER-OCCUPIED PROPERTIES AND CAPITAL ASSETS**

Owner-occupied properties and capital assets include right-of-use assets.

Owner-occupied properties and capital assets are carried at cost less accumulated depreciation, disposals and impairments. Capital assets include equipment, renewable power generating assets, furniture and fixtures. Owner-occupied properties and capital assets are depreciated using the straight-line method, over their estimated useful lives, as follows: i) owner-occupied properties (10 to 50 years); and ii) capital assets (3 to 35 years).

Right-of-use assets are depreciated to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term using the straight-line method. Depreciation expense is included within operating and administration expenses.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted if necessary. Owner-occupied properties and capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

LEASES

At inception of a contract, the Corporation and its subsidiaries assess whether a contract is or contains a lease. The Corporation and its subsidiaries recognize a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, initial direct costs incurred and any lease incentive received. Right-of-use assets are included within owner-occupied properties and capital assets, with the exception of right-of-use assets that meet the definition of investment property, which are presented within investment properties and subject to the Corporation's associated accounting policy.

The lease liability is measured at amortized cost using the effective interest method and is included within other liabilities. Interest expense on lease liabilities is included within financing charges.

The Corporation and its subsidiaries do not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the term within operating and administrative expenses.

Where the Corporation and its subsidiaries are the lessor under an operating lease for its investment property, the assets subject to the lease arrangement are presented within the balance sheets. Income from these leases is recognized in the statements of earnings on a straight-line basis over the lease term.

Leases that transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Where the Corporation and its subsidiaries are the lessor under a finance lease, the investment is recognized as a receivable at an amount equal to the net investment in the lease, which is the present value of the minimum lease payments due from the lessee presented within the balance sheets. Payments received from the lessee are apportioned between the recognition of finance lease income and the reduction of the finance lease receivable. Income from the finance leases is recognized in the statements of earnings at a constant periodic rate of return on net investment in the finance lease.

FUNDS HELD ON BEHALF OF CLIENTS AND CLIENT FUNDS PAYABLE

Funds held on behalf of clients are measured at amortized cost and represents cash balances held in client accounts deposited primarily at Canadian financial institutions with the offset included in Client funds payable on the balance sheets.

Client funds payable are financial liabilities measured at amortized cost.

Interest income is earned on funds held on behalf of clients and is included in net investment income. Interest expense paid on client funds payable is included in operating and administrative expenses.

OTHER ASSETS

Other assets include accounts and interest receivable, securities borrowed, trading account assets, deferred acquisition costs, deferred selling commissions, prepaid expenses, and other miscellaneous assets which are measured at amortized cost. Other assets also include funds held under investment contracts, which comprises cash and cash equivalents, bonds, mortgages and other miscellaneous assets, which are measured in accordance with the Corporation's corresponding accounting policies.

Securities borrowed represent the legal and financial right arising from lending a client's fully paid securities to counterparties in exchange for cash collateral, including the right to recover that cash collateral when the securities are returned.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Trading account assets includes the investments of Lifeco's consolidated collateralized loan obligations (CLOs), sponsored funds, open-ended investment companies and sponsored unit trusts, which are carried at fair value based on the net asset value of these funds with realized and unrealized gains and losses recorded in the statements of earnings.

Each CLO is a special purpose vehicle that owns a portfolio of investments, consisting primarily of senior secured loans, and issues various tranches of senior and subordinated notes to third parties for the purpose of financing the purchase of those investments. Assets of the special purpose vehicle, the senior secured loans, are included in other assets and the associated liabilities, the senior and subordinated notes issued to third parties, are included in other liabilities on the balance sheets.

Deferred Acquisition Costs

Deferred acquisition costs related to investment contracts and service contracts are recognized as assets if the costs are incremental and incurred due to the contract being issued. Deferred acquisition costs are amortized on a straight-line basis over the term of the contract, not exceeding 20 years.

Deferred Selling Commissions

Commissions are paid on investment product sales where a fee is either received directly from the client or is received directly from the investment fund.

Commissions paid on investment product sales where fees are earned from a client are capitalized and amortized over their estimated useful lives, not exceeding a period of seven years. The Corporation regularly reviews the carrying value of deferred selling commissions with respect to any events or circumstances that indicate impairment. Among the tests performed to assess recoverability is the comparison of the future economic benefits derived from the deferred selling commission asset in relation to its carrying value.

All other commissions paid on investment product sales are expensed as incurred.

ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

Disposal groups are classified as held for sale when it has been determined that the carrying amount will be recovered through a sale transaction rather than continuing use. The disposal group is measured at the lower of its carrying amount and fair value less cost to sell. Individual assets and liabilities in a disposal group not subject to these measurement requirements include financial assets, investment properties and insurance contract liabilities. These assets and liabilities are measured in accordance with the relevant accounting policies described for those assets and liabilities included in this note before the disposal group as a whole is measured at the lower of its carrying amount and fair value less cost to sell. Any impairment loss for the disposal group is recognized as a reduction to the carrying amount for the portion of the disposal group under the measurement requirements for IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

Disposal group assets and liabilities classified as held for sale are presented separately on the balance sheets.

A disposal group qualifies as a discontinued operation if it is a component of an entity for which operations and cash flows can be clearly distinguished from the rest of the corporation, that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal and when the operation meets the criteria to be classified as held for sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in net earnings (loss) from discontinued operations in the statements of earnings and the comparative statements of earnings is presented as if the operation had been discontinued from the beginning of the comparative year. Gains and losses from disposal groups qualified as discontinued operations under IFRS 5 are presented separately in the statements of earnings.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**BUSINESS COMBINATIONS, GOODWILL AND INTANGIBLE ASSETS**

Business combinations are accounted for using the acquisition method. Goodwill represents the excess of purchase consideration over the fair value of net assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets comprise finite life and indefinite life intangible assets. Finite life intangible assets include the value of technology and software, certain customer contracts and power purchase agreements. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives as follows: i) technology and software (3 to 20 years); ii) customer contract-related (7 to 30 years); and iii) power purchase agreements (5 to 35 years).

Indefinite life intangible assets include brands, trademarks and trade names, certain customer contracts, mutual fund management contracts and the shareholders' portion of acquired future participating account profit. Amounts are classified as indefinite life intangible assets based on an analysis of all the relevant factors, and when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. The identification of indefinite life intangible assets is made by reference to relevant factors such as product life cycles, potential obsolescence, industry stability and competitive position. Following initial recognition, indefinite life intangible assets are measured at cost less accumulated impairment losses.

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. Indefinite life intangible assets that were previously impaired are reviewed at each reporting date for evidence of reversal.

Goodwill and indefinite life intangible assets have been allocated to cash generating units or to groups of cash generating units (CGUs), representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill and indefinite life intangible assets are tested for impairment by comparing the carrying value of the CGUs to the recoverable amount of the CGUs to which the goodwill and indefinite life intangible assets have been allocated.

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 cost of disposal or value in use, which is calculated using the present value of the estimated future cash flows expected to be generated.

Finite life intangible assets are reviewed at least annually to determine if there are indicators of impairment and the amortization period and method are reviewed and adjusted if necessary. If indicators of impairment have been identified, a test for impairment is performed and impairment is recognized as necessary.

SEGREGATED FUNDS

Segregated fund assets and liabilities arise from contracts where all financial risks associated with the related assets are borne by policyholders and are presented separately in the balance sheets. The assets and liabilities are set equal to the fair value of the underlying asset portfolio. Segregated fund contracts are classified as insurance contracts or investment contracts following the classification criteria described in the accounting policy for insurance contracts, investment contracts and reinsurance contracts held. Investment income and changes in fair value of the segregated fund assets are offset by corresponding changes in the segregated fund liabilities. Guarantees on the segregated fund products are accounted for within insurance contract liabilities on the balance sheets.

INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND REINSURANCE CONTRACTS HELD**Contract Classification****INSURANCE CONTRACTS**

Insurance contracts are identified as arrangements where Lifeco accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or beneficiary of the contract for specified uncertain future events that adversely affect the policyholder and for which the amount and timing are unknown.

Lifeco determines whether a contract contains significant insurance risk by assessing if an insured event could cause Lifeco to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance, even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. In making this assessment, Lifeco considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

When Lifeco issues insurance contracts to compensate another entity for claims arising from one or more insurance contracts issued by that other entity, the associated contracts are reinsurance contracts issued, which is part of insurance contracts issued.

INVESTMENT CONTRACTS

In the absence of significant insurance risk, Lifeco classifies contracts as investment contracts or service contracts. Investment contracts with discretionary participating features are accounted for in accordance with IFRS 17 and investment contracts without discretionary participating features are accounted for in accordance with IFRS 9. Lifeco has not classified any contracts as investment contracts with discretionary participating features.

Investment contracts may be reclassified as insurance contracts after inception if insurance risk becomes significant. A contract that is classified as an insurance contract at contract inception remains as such until all rights and obligations under the contract are extinguished or expire. Investment contracts are contracts that carry financial risk, which is the risk of a possible future change in one or more of the following: interest rate, commodity price, foreign exchange rate, or credit rating. Refer to Note 23 for a discussion of Lifeco's risk management.

Investment contracts are measured at FVPL in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring the assets that back the contract on different bases.

REINSURANCE CONTRACTS HELD

Lifeco enters into arrangements to transfer insurance risk, along with the respective premiums, to one or more reinsurers that will share the risks. To the extent that assuming reinsurers are unable to meet their obligations, Lifeco remains liable to its policyholders for the portion reinsured. Contracts of this nature are defined as reinsurance contracts held.

Separating Components from Insurance and Reinsurance Contracts

At inception, the following components from an insurance or reinsurance contract held are separated and accounted for as if they were standalone financial instruments:

- Embedded derivatives: derivatives embedded in the contract which have economic characteristics and risks that are not closely related to those of the host contract, and which have terms that would not meet the definition of an insurance or reinsurance contract held as a standalone instrument; and
- Distinct investment components: investment components that are not highly interrelated with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, Lifeco also separates any promises to transfer distinct goods or non-insurance services to policyholders and accounts for them as separate contracts with customers in accordance with IFRS 15, *Revenue from Contracts with Customers*. A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance component, and Lifeco provides a significant service of integrating the good or service with the insurance component.

Level of Aggregation

The level of aggregation for insurance contracts issued is determined by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Lifeco has defined portfolios of insurance contracts issued based on its product lines. Portfolios are further disaggregated into groups of contracts that are issued within an annual period (typically a financial year) and are further divided into: onerous contracts, contracts that have no significant possibility of becoming onerous subsequently, and all other contracts. An insurance contract is onerous if, at the date of initial recognition, the estimated fulfillment cash flow expectations determined on a probability-weighted basis is a net outflow. Lifeco's evaluation of whether contracts are onerous is based on reasonable and supportable information. Lifeco has not identified any groups of insurance contracts that have no significant possibility of becoming onerous subsequently.

In determining groups of contracts, Lifeco has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation. Contracts are aggregated into groups once they have been initially recognized.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Lifeco has defined portfolios of reinsurance contracts held based on the portfolios of the underlying insurance contracts issued. Groups of reinsurance contracts held that are entered into within an annual period (typically a financial year) are divided based on whether they are in a net gain or net loss position at initial recognition.

Some reinsurance contracts held provide cover for underlying contracts that are included in different groups. However, these contracts' legal form of a single contract reflects the substance of Lifeco's contractual rights and obligations, considering that the different remaining coverages lapse together and are not sold separately. As a result, the reinsurance contract held is not separated into multiple insurance components that relate to different underlying groups.

Initial Recognition

A group of insurance contracts issued is recognized from the earliest of:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, when the group becomes onerous if facts and circumstances indicate there is such a group.

A group of reinsurance contracts held is recognized on the following date:

- Reinsurance contracts held initiated by Lifeco that provide proportionate coverage: the date on which any underlying insurance contract is initially recognized;
- Other reinsurance contracts held initiated by Lifeco: the beginning of the coverage period of the group of reinsurance contracts. However, if Lifeco recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into before that earlier date, then the group of reinsurance contracts held is recognized on that earlier date; and
- Reinsurance contracts held that are acquired by Lifeco: the date of acquisition.

Contract Boundaries

The measurement of a group of insurance and reinsurance contracts held includes all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which Lifeco can compel the policyholder to pay the premiums (or is compelled to pay amounts to a reinsurer), or in which Lifeco has a substantive obligation to provide the policyholder with services (or receive services from a reinsurer). A substantive obligation to provide services ends when:

- Lifeco has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both the following criteria are satisfied:
 - Lifeco has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

For reinsurance contracts held, a substantive obligation to receive services ends when the reinsurer has the practical ability to reassess the risk transferred to it and, as a result, can set a price or level of benefits that fully reflects those risks, or the reinsurer has the substantive right to terminate the coverage.

For insurance contracts with renewal periods, Lifeco assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of renewals is established by Lifeco after considering the risks and terms of coverage for the policyholder, with reference to the pricing of contracts with equivalent risks and terms on the renewal dates. Lifeco reassesses the contract boundary of each group at the end of each reporting period.

Liabilities or assets relating to expected premiums or claims outside the boundary of the insurance contract are not recognized as these amounts relate to future insurance contracts.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**Measurement of Insurance Contracts**

There are three measurement models provided by IFRS 17 to measure insurance contracts:

- The General Measurement Model;
- The Variable Fee Approach; and
- The Premium Allocation Approach.

General Measurement Model (GMM)

Lifeco applies this model to its medium- to long-term insurance products, such as individual protection, payout annuities, and longevity swaps.

INITIAL MEASUREMENT

On initial recognition, a group of insurance contracts is measured as the total of the fulfillment cash flows and the CSM.

FULFILLMENT CASH FLOWS

Fulfillment cash flows comprise probability-weighted estimates of future cash flows, discounted to reflect the time value of money and the associated financial risks, plus a risk adjustment for non-financial risk.

Lifeco estimates future contractual cash flows within the contracts' boundary by considering evidence from current and past conditions, as well as possible future conditions, to reflect market and non-market variables impacting the valuation of cash flows. The estimates of these cash flows are based on probability-weighted expected values that reflect the average of a full range of possible outcomes and include an explicit risk adjustment for non-financial risk. The risk adjustment is the compensation Lifeco receives in fulfilling an insurance contract that arises from uncertainties surrounding the amount and timing of cash flows for non-financial risks. The non-financial risk assumptions are mortality, longevity, morbidity, lapse, and expense. Estimates and assumptions are reviewed periodically for appropriateness in reflecting current, past, and future conditions.

When estimating fulfillment cash flows, Lifeco includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims;
- Premium and other transaction-based taxes and cash flows from loans to policyholders;
- Insurance acquisition cash flows which are allocated to groups of contracts on a systematic and rational basis;
- Other fixed and variable expenses directly attributable to the fulfillment of insurance contracts;
- Investment expenses incurred in investment activities related to underlying items such as universal life funds and segregated fund account balances; and
- The impact of funds withheld for reinsurance contracts issued to manage credit risk.

CONTRACTUAL SERVICE MARGIN

The CSM of a group of insurance contracts represents the unearned profit that Lifeco expects to recognize in the future as it provides services under those contracts.

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

DISCOUNT RATES

Lifeco measures the 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).

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Lifeco applies the top-down approach for insurance contract liabilities that have assets backing them. Under this approach, discount rates are estimated by starting from the yield curve implied in a reference portfolio of assets that closely reflects the duration, currency, and liquidity characteristics of the insurance cash flows, and then excluding the effects of risks (e.g., credit risk) present in the cash flows from the financial instruments that are part of the reference portfolio, but not in the insurance contract 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. Lifeco uses the fixed income assets supporting the insurance contract liabilities as the reference portfolio to determine the discount rates in the observable period, while the discount rates in the unobservable period are based on an ultimate investment rate. In situations where the fixed-income assets supporting the insurance contract liabilities do not appropriately reflect the illiquidity characteristics of the liability, an additional adjustment is made to the discount rate.

In cases where the insurance contract liabilities are not backed by assets, Lifeco 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.

RISK ADJUSTMENT

The risk adjustment for non-financial risk represents the compensation that Lifeco 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. Lifeco's target range for the confidence level of the risk adjustment is between the 85th and 90th percentile, and the risk adjustment is currently within the target range. The confidence level is determined on a net-of-reinsurance basis.

INSURANCE ACQUISITION CASH FLOWS

Insurance acquisition cash flows arise from selling and underwriting activities required to initiate a group of contracts.

Any assets or liabilities for insurance acquisition cash flows recognized before the corresponding insurance contracts are recognized and included in the carrying amount of the related groups of insurance contracts issued. Judgments are applied by management of Lifeco to determine which costs are directly attributable to the issuance of a group of contracts and the portion of those costs that are allocated to groups of contracts arising from expected renewals.

The asset for insurance acquisition cash flows is tested for impairment annually or more frequently if facts and circumstances indicate that impairment may have occurred. In testing for impairment, the carrying value of the asset is compared to the expected net cash inflow for the related group of insurance contracts.

Additionally, if a portion of the asset for insurance acquisition cash flows has been allocated to future renewals of the related group of contracts, the carrying value of the asset is compared to the expected net cash inflow for those expected renewals. If the carrying value exceeds the expected net cash inflows described above, a loss is recognized in the insurance service result. In the event that facts and circumstances indicate the asset for insurance acquisition cash flows is no longer impaired, the impairment loss, or a portion thereof, is reversed.

SUBSEQUENT MEASUREMENT

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfillment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date. The liability for incurred claims comprises the fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfillment cash flows for groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of risk adjustment for non-financial risk.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- Interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- The changes in fulfillment cash flows that relate to future services (measured using initial recognition discount rates), except to the extent that:
 - Any increases in the fulfillment cash flows exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in the statements of earnings and creates a loss component; or
 - Any decreases in the fulfillment cash flows are allocated to the loss component, reversing losses previously recognized in the statements of earnings;
- The effect of any foreign currency exchange differences on the CSM; and
- The amount recognized as insurance revenue because of the services provided in the period.

The changes in fulfillment cash flows relating to future services that adjust the CSM comprise:

- Experience adjustments arising from premium and premium-related cash flows received in the period that relate to future services;
- Changes in both estimates of the present value of future cash flows and risk adjustment in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money and financial risk changes; and
- Differences between any investment components not separated from the contract expected to become payable in the period (after allowing for financial experience variance) and the actual investment component that becomes payable in the period, measured at the discount rates determined on initial recognition.

Changes in expected future discretionary cash flows are regarded as an assumption relating to future services and accordingly adjust the CSM.

Changes in fulfillment cash flows that relate to current or past service are recognized in the statements of earnings as part of the insurance service result. Changes that relate to the effects of the time value of money and financial risk are recognized in insurance finance income or expenses.

Variable Fee Approach (VFA)

This model is applied to Lifeco's contracts with direct participating features such as participating insurance and segregated fund business with insurance guarantees, where an investment return is provided to the policyholder based on a defined pool of items (e.g., a portfolio of assets).

RECOGNITION

An insurance contract is recognized under the VFA if it meets all of the following conditions at initial recognition:

- The policyholder participates in a share of a clearly identified pool of underlying items;
- Lifeco expects to pay the policyholder an amount equal to a substantial share of the returns from the underlying items; and
- The substantial proportion of the cash flows Lifeco expects to pay to the policyholder is expected to vary with cash flows from the underlying items.

Lifeco performs the test for VFA qualification at initial recognition.

INITIAL MEASUREMENT

Similar to the GMM, the VFA initially measures the insurance contract liabilities as the fulfillment cash flows plus CSM.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**SUBSEQUENT MEASUREMENT**

For a group of insurance contracts applying the VFA, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted for the following:

- The effect of any new contracts added to the group;
- Lifeco's share of the change in the fair value of the underlying items, except to the extent that:
 - Lifeco has a previously documented risk management objective and strategy for using derivatives to mitigate financial risk arising from the insurance contracts, as it does for the insured assets contracts;
 - Lifeco's share of a decrease in the fair value of the underlying items exceeds the carrying amount of the CSM, giving rise to a loss; or
 - Lifeco's share of an increase in the fair value of the underlying items reverses the amount previously recognized as a loss;
- The changes in fulfillment cash flows, relating to future service, except to the extent that:
 - Lifeco has a previously documented risk management objective and strategy for using derivatives to mitigate financial risk arising from the insurance contracts, as it does for insured assets contracts;
 - Such increases in the fulfillment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
 - Such decreases in the fulfillment cash flows are allocated to the loss component of the liability for remaining coverage;
- The effect of any foreign currency exchange differences on the CSM; and
- The amount recognized as insurance revenue because of the services provided in the period.

RISK MITIGATION

Lifeco mitigates the financial risks created by guarantees embedded in some of its insurance contracts with direct participation features through the use of derivatives and reinsurance contracts held. The derivatives are in the scope of IFRS 9 with changes in their fair value reflected in the statements of earnings. In applying risk mitigation, the financial impact on the guarantees embedded in these direct participating contracts does not adjust the CSM and is also reflected in the statements of earnings.

Premium Allocation Approach (PAA)

This model is applied to Lifeco's short-term insurance products, such as group life and health.

RECOGNITION**Contracts with coverage periods of one year or less**

The PAA is applied to measure the liability for remaining coverage of insurance contracts with coverage periods of one year or less.

Contracts with coverage periods of more than one year

The PAA is applied to contracts with coverage periods longer than one year that are relatively stable and have low variability in fulfillment cash flows. The low variability in fulfillment cash flows indicates there is no material difference in the liability for remaining coverage measured under the PAA as compared to the GMM. Generally, this applies to products with rate guarantees between 2 and 5 years.

New groups of insurance contracts are assessed to determine whether they can be measured using the PAA at initial recognition.

The eligibility test for the PAA model will not be subsequently performed after initial recognition unless there are substantial changes to the terms of the groups of insurance contracts.

MEASUREMENT**Initial measurement of the liability for remaining coverage**

On initial recognition, the liability for remaining coverage is initially measured as the premiums received in the period minus any insurance acquisition cash flows not expensed, plus or minus any amount caused by the derecognition of an acquisition cash flow asset or liability which represents any acquisition costs that were paid before the contracts were recognized.

Insurance acquisition costs are included as fulfillment cash flows of the liability and are allocated over the contract boundary on a straight-line basis. For contracts with expected future renewals, a portion of the acquisition costs is capitalized as an asset and deferred until the future contract renewals are recognized.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The fulfillment cash flows of contracts with coverage periods of more than one year are discounted to reflect the impact of financial risk on the contract. The discount rates used reflect the characteristics of the contract cash flows. For contracts where premiums are received within one year of the coverage period, Lifeco has elected not to adjust the liability for the time value of money.

Subsequent measurement

At the end of each reporting period, the liability for remaining coverage for contracts under the PAA is measured as the carrying amount of the liability for remaining coverage at the beginning of the period, adjusted for the following to:

- Add the premiums received in the period;
- Deduct any insurance acquisition cash flows during the period not directly expensed;
- Add the amortization of acquisition cash flows, plus any adjustments to a financing component;
- Deduct the amount recognized as insurance revenue for the coverage provided in the period; and
- Deduct any investment components paid or transferred to the liability for incurred claims.

If circumstances indicate that a contract under the PAA model has become onerous, a loss is immediately recognized in the statements of earnings, and a separate component of the liability for remaining coverage is created to record this loss component. The loss is measured as the difference between the fulfillment cash flows that relate to the remaining coverage of the group and the current carrying amount of the liability for remaining coverage using the measurement described above.

The liability for incurred claims is measured under the same approach as the GMM, which is the fulfillment cash flows related to incurred claims. When claims are expected to be settled less than one year after being incurred, Lifeco has elected not to discount the liability for incurred claims.

Measurement of Reinsurance Contracts Held**GENERAL MEASUREMENT MODEL**

The accounting policies used to measure a group of insurance contracts under the GMM apply to the measurement of a group of reinsurance contracts held, with the following modifications:

- The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises:
 - The fulfillment cash flows that relate to services that will be received under the contracts in future periods; and
 - Any remaining CSM at that date.

Lifeco measures the estimates of the present value of future cash flows 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. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in the statements of earnings.

The risk adjustment for non-financial risk is the amount of the risk transferred by Lifeco to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfillment cash flows, any derecognized assets for cash flows occurring before the recognition of the group, any cash flows arising at that date and any income recognized in the statements of earnings because of onerous underlying contracts recognized at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the cost is immediately recognized in the statements of earnings as an expense.

Lifeco adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfillment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfillment cash flows for underlying insurance contracts is recognized in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held are also recognized in profit and loss (adjusting the loss recovery component).

Funds withheld under reinsurance contracts held to manage credit risk are included in the carrying amount of the reinsurance contracts held asset.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**PREMIUM ALLOCATION APPROACH**

Lifeco reinsures some of its direct insurance contracts liabilities. The reinsurance contracts held that are eligible for the PAA and have underlying direct contracts measured under the PAA are also classified and measured under the PAA.

ONEROUS UNDERLYING INSURANCE CONTRACTS

Lifeco adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognizes income when it recognizes a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognized. The adjustment to the CSM is determined by multiplying:

- The amount of the loss that relates to the underlying contracts; and
- The percentage of claims on the underlying contracts that Lifeco expects to recover from the reinsurance contracts held.

For reinsurance contracts held that are acquired by Lifeco in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- The amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- The percentage of claims on the underlying contracts that Lifeco expects at the date of acquisition to recover from the reinsurance contracts held.

A loss-recovery component is created or adjusted for the group of reinsurance contracts held to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in the statements of earnings as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid in the net expense from reinsurance contracts held.

Measurement of Investment Contracts

Investment contracts are recognized when Lifeco becomes a party to the contractual provisions of the contract. At recognition, Lifeco measures an investment contract at its fair value. Transaction costs that are incremental and directly attributable to the acquisition or issue of the investment contract are expensed as incurred.

When the fair value of the investment contract differs from the transaction price on initial recognition, Lifeco recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs or realized through settlement.

Investment contracts are subsequently measured at FVPL where the fair value is set to the higher of the market value of the assets supporting the liability balance and the result of discounting risk-adjusted cash flows rates derived from a reference portfolio or stochastic modelling. Lifeco's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

Coverage Units**AMORTIZATION OF THE CONTRACTUAL SERVICE MARGIN**

The CSM is a component of the group of insurance contracts that represents the unearned profit Lifeco will recognize as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognized in the statements of earnings as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period. The amount that is recognized in the statements of earnings for the current period is determined by identifying the coverage units in the group, allocating the CSM at the end of the period to each coverage unit provided in the current period and expected to be provided in the future periods.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided and the expected coverage duration.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

For reinsurance contracts held, the CSM amortization is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force.

Insurance Revenue

Insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which Lifeco expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts (i.e., the amount of premiums paid to Lifeco adjusted for the financing effect (the time value of money) and excluding any investment components).

Insurance Finance Income or Expenses

Insurance finance income or expenses comprises the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Corporation has elected to recognize insurance finance income or expenses in the statements of earnings.

Net Income or Expense from Reinsurance Contracts Held

The Corporation presents separately in the statements of earnings the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. Lifeco considers reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented in the statements of earnings. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

Contract Modifications and Derecognition**CONTRACT MODIFICATIONS**

When the terms of insurance contracts are modified, Lifeco assesses whether the modification is substantial enough to lead to the derecognition of the original contract and recognition of a new modified contract as if it was entered for the first time. If the contract modification does not lead to a re-recognition of the contract, then the effect of the modification is treated as a change in the estimates of fulfillment cash flows which is recorded as an experience adjustment to the existing contract.

DERECOGNITION OF CONTRACTS

A contract is derecognized when it is extinguished, which is when the specified obligations in the contract expire or are discharged or cancelled.

When an insurance contract not accounted for under the PAA is derecognized from within a group of insurance contracts:

- The fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognized;
- The CSM of the group is adjusted for the change in the fulfillment cash flows, except where such changes are allocated to a loss component; and
- The number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognized from the group.

If a contract is derecognized because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the fulfillment cash flows to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to the statements of earnings:

- If the contract is extinguished: any net difference between the derecognized part of the liability for remaining coverage of the original contract and any other cash flows arising from extinguishment; and
- If the contract is transferred to the third party: any difference between the derecognized part of the liability for remaining coverage of the original contract and the premium charged by the third party.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**DERECOGNITION OF SECURITIZED MORTGAGES**

IGM enters into transactions where it transfers financial assets recognized on its balance sheets. The determination of whether the financial assets are derecognized is based on the extent to which the risks and rewards of ownership are transferred.

If substantially all of the risks and rewards of a financial asset are not retained, IGM derecognizes the financial asset. The gains or losses and the servicing fee revenue for financial assets that are derecognized are reported in net investment income in the statements of earnings.

If all or substantially all risks and rewards are retained, the financial assets are not derecognized and the transactions are accounted for as secured financing transactions.

DEBENTURES AND OTHER DEBT INSTRUMENTS

Debentures and other debt instruments, including capital trust debentures, are initially recorded on the balance sheets at fair value and subsequently carried at amortized cost using the effective interest method with amortization expense recorded in financing charges in the statements of earnings. These liabilities are derecognized when the obligation is expired, cancelled or redeemed.

Mortgages on investment properties are designated at FVPL upon initial recognition to eliminate or significantly reduce accounting mismatches and are remeasured at fair value at each reporting date with changes in fair value recognized in the statements of earnings.

OTHER LIABILITIES

Other liabilities include accounts payable, securities loaned, bank overdraft, dividends and interest payable, lease liabilities, deferred income reserves, and other miscellaneous liabilities which are measured at amortized cost. Deferred income reserves related to investment contracts are amortized on a straight-line basis to recognize the initial policy fees over the policy term, not exceeding 20 years.

Securities loaned represent the legal and financial obligation arising from cash received from counterparties in exchange for a client's fully paid securities, including the obligation to return the cash and maintain adequate collateral.

Other liabilities also include notes of consolidated CLOs, which are classified as FVPL. Gains or losses are recognized in net investment income in the statements of earnings.

Provisions are recognized within other liabilities when the Corporation or its subsidiaries have a present obligation, either legal or constructive, as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured based on management of the Corporation and of its subsidiaries' best estimate at the balance sheet date. The Corporation recognizes a provision for restructuring when a detailed formal plan for the restructuring has been established and the plan has raised a valid expectation in those affected that the restructuring will occur.

Limited-life fund units represent the interest held by third parties in funds consolidated by the Corporation. These fund units have a defined maximum fixed life where the Corporation has an obligation to distribute the residual interests of the fund to its limited partners based on their proportionate share of the fund's equity in the form of cash or other financial assets at the end of the fund's life. Redeemable fund units represent interests held by third parties in funds consolidated by the Corporation that have a redemption feature that requires the fund to deliver cash or other financial assets to the holders of the units upon receiving a redemption notice. Limited-life funds and redeemable fund units are classified as financial liabilities and recorded at fair value. Changes in the value are recorded in operating and administrative expenses in the statements of earnings in the period of the change.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The Corporation and its subsidiaries maintain funded defined benefit pension plans for eligible employees and advisors, unfunded supplementary employee retirement plans (SERP) for eligible employees, and unfunded post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependants. The Corporation and its subsidiaries also maintain defined contribution pension plans for eligible employees and advisors.

The defined benefit pension plans provide pensions based on length of service and final average earnings. Expenses for defined benefit plans are actuarially determined using the projected unit credit method prorated on service, based upon management of the Corporation and of its subsidiaries' assumptions about discount rates, compensation increases, retirement ages of employees, mortality and expected health care costs. The Corporation and its subsidiaries' accrued benefit asset (liability) in respect to defined benefit plans is calculated separately for each plan by discounting the amount of the benefit that employees have earned in return for their service in current and prior periods and deducting the fair value of any plan assets.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The Corporation and its subsidiaries determine the net interest component of the pension expense for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net accrued benefit asset (liability), where the discount rate is determined by reference to market yields on high-quality corporate bonds.

If the plan benefits are changed, or a plan is curtailed, any past service costs or curtailment gains or losses are recognized immediately in net earnings.

Net interest costs, administration expenses, current service costs, past service costs, plan amendments, and curtailment and settlement gains or losses are recognized in operating and administrative expenses in the statements of earnings.

Remeasurements represent actuarial gains and losses, the actual return on plan assets greater (less) than interest income, and increases and decreases in the asset ceiling. Remeasurements are recognized immediately through other comprehensive income and are not subsequently reclassified to net earnings.

The accrued benefit asset (liability) represents the plan surplus (deficit) and is included in other assets (other liabilities).

Contributions to the defined contribution plans are expensed as incurred.

INCOME TAXES

The income tax expense for the period represents the sum of current income tax and deferred income tax. Income tax is recognized as an expense or recovery in the statements of earnings, except to the extent that it relates to items that are not recognized in the statements of earnings (whether in other comprehensive income or directly in equity), in which case the income tax is also recognized in other comprehensive income or directly in equity.

Current Income Tax

Current income tax is based on taxable income for the year. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the rates that have been enacted or substantively enacted at the balance sheet date in each respective jurisdiction. Current tax assets and current tax liabilities are offset, if a legally enforceable right exists to offset the recognized amounts and the entity intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

A provision for tax treatment uncertainties which meet the probable threshold for recognition is measured using either the most likely amount or the expected value, depending upon which method provides the better prediction of the resolution of the uncertainty. The provision for tax uncertainties will be classified as current or deferred based on how a disallowance of the underlying uncertain tax treatment would impact the tax provision accrual as of the balance sheet date.

Deferred Income Tax

Deferred income tax is the tax expected to be payable or recoverable on differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income and on unused tax attributes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax attributes can be utilized.

Recognition of deferred tax assets is based on the fact that it is probable that the entity will have taxable profits and/or tax planning opportunities available to allow the deferred tax asset to be utilized. Changes in circumstances in future periods may adversely impact the assessment of the recoverability. The uncertainty of the recoverability is taken into account in establishing the deferred tax assets. The Corporation and its subsidiaries' financial planning process provides a basis for the measurement of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to net current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, jointly controlled corporations and associates, except where the group controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The Corporation applied the mandatory exception in IAS 12, *Income Taxes*, whereby it is not recognizing and disclosing information about deferred tax assets and liabilities related to income taxes arising from the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation and its subsidiaries use derivative products as risk management instruments to hedge or manage revenues, asset, liability and capital positions. The Corporation and its subsidiaries' policies prohibit the use of derivative instruments for speculative trading purposes.

Derivatives are measured at fair value and recorded on the balance sheets. The method of recognizing unrealized and realized fair value gains and losses depends on whether the derivatives are designated as hedging instruments. For derivatives that are not designated as hedging instruments, unrealized and realized gains and losses are recorded in net investment income in the statements of earnings. For derivatives designated as hedging instruments, unrealized and realized gains and losses are recognized according to the nature of the hedged item.

Derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Corporation and its subsidiaries generally use similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs.

As permitted under IFRS 9, the Corporation and its subsidiaries elected to continue to apply the hedge accounting principles under IAS 39, *Financial Instruments*, instead of those under IFRS 9. To qualify for hedge accounting, the relationship between the hedged item and the hedging instrument must meet several strict conditions on documentation, probability of occurrence, hedge effectiveness and reliability of measurement. If these conditions are not met, then the relationship does not qualify for hedge accounting treatment and both the hedged item and the hedging instrument are reported independently, as if there was no hedging relationship.

Where a hedging relationship exists, the Corporation and its subsidiaries document all relationships between hedging instruments and hedged items, as well as their risk management objectives and strategy for undertaking various hedge transactions. This process includes linking derivatives that are used in hedging transactions to specific assets and liabilities on the balance sheets or to specific firm commitments or forecasted transactions. The Corporation and its subsidiaries also assess, both at the hedge's inception and on an ongoing basis, whether derivatives that are used in hedging transactions are effective in offsetting change in fair values or cash flows of hedged items. Hedge effectiveness is reviewed quarterly through correlation testing. Hedge accounting is discontinued when the hedge no longer qualifies for hedge accounting.

Fair Value Hedges

Fair value hedges are used to manage the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the change in fair value of both the hedging instrument and the hedged item are recorded in net investment income and consequently any ineffective portion of the hedge is recorded immediately in net investment income.

Cash Flow Hedges

Cash flow hedges are used to manage the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction and could affect profit or loss. For cash flow hedges, the effective portion of the change in fair value of the hedging instrument is recorded in other comprehensive income, while the ineffective portion is recognized immediately in net investment income. Gains and losses on cash flow hedges that accumulate in other comprehensive income are recorded in net earnings in the same period the hedged item affects net earnings. Gains and losses on cash flow hedges are immediately reclassified from other comprehensive income to net investment income if and when a forecasted transaction is no longer expected to occur.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**Net Investment Hedges**

Net investment hedges are used to manage the exposure to changes in the reporting entity's share in the net assets of a foreign operation. For net investment hedges, the effective portion of changes in the fair value of the hedging instrument is recorded in other comprehensive income while the ineffective portion is recognized immediately in net investment income. The unrealized foreign exchange gains (losses) on the instruments are recorded within other comprehensive income and will be reclassified into net earnings when the investments are derecognized.

EQUITY

Preferred shares are classified as equity if they are non-redeemable or if they are retractable only at the Corporation's option and if any dividends are discretionary. Costs that are directly attributable to the issue of share capital are recognized as a reduction from retained earnings, net of income tax.

Reserves are composed of share-based compensation and other comprehensive income. Share-based compensation reserve represents the vesting of options less options exercised. Other comprehensive income represents the total of the unrealized foreign exchange gains (losses) on translation of foreign operations, the unrealized gains (losses) on hedges of the net investment in foreign operations, the actuarial gains (losses) on defined benefit pension plans, the unrealized gains (losses) on FVOCI assets, the unrealized gains (losses) on cash flow hedges, the re-evaluation surplus on transfer to investment properties and the share of other comprehensive income of jointly controlled corporations and associates.

Non-controlling interests represent the proportion of equity that is attributable to minority shareholders of subsidiaries.

Limited Recourse Capital Notes

Limited recourse capital notes issued by Lifeco are classified as non-controlling interests in the financial statements. Lifeco has the sole discretion to settle the obligation to noteholders through the issuance of a fixed number of Lifeco's equity instruments. Transaction costs incurred in connection with the issuance are charged to equity. Interest on these instruments is recognized as a deduction from equity when incurred.

SHARE-BASED PAYMENTS

Options granted to employees of the Corporation and its subsidiaries are measured at fair value on the date of the grant. Compensation expense for equity-settled options is recognized in operating and administrative expenses in the statements of earnings over the vesting period of the granted options, with a corresponding increase in share-based compensation reserve. When the options are exercised, the proceeds received, together with the amount recorded in share-based compensation reserve, are included in the share capital of the entity issuing the corresponding shares.

The Corporation and its subsidiaries recognize a liability for cash-settled awards, including tandem share appreciation rights and those granted under Performance Share Unit, Deferred Share Unit and Performance Restricted Share Unit plans. Compensation expense is recognized in operating and administrative expenses in the statements of earnings over the vesting period, net of related hedges, and a liability is recognized on the balance sheets. The liability is remeasured at fair value at each reporting period with the change in the liability recorded in operating and administrative expenses.

Information on the Corporation's Performance Share Unit, Deferred Share Unit and Performance Restricted Share Unit plans is included in Note 20.

FOREIGN CURRENCY TRANSLATION

The Corporation and its subsidiaries operate with multiple functional currencies. The Corporation's financial statements are prepared in Canadian dollars, which is the functional and presentation currency of the Corporation.

Assets and liabilities denominated in foreign currencies are translated into each entity's functional currency at exchange rates prevailing at the balance sheet date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Revenues and expenses denominated in foreign currencies are translated into each entity's functional currency at an average of daily rates. Realized and unrealized exchange gains and losses are included in net investment income.

Translation of Net Investment in Foreign Operations

Foreign operations are subsidiaries, jointly controlled corporations, associates and/or business units with functional currencies other than the Canadian dollar. Assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date and all revenues and expenses are translated at an average of daily rates. Unrealized foreign currency translation gains and losses on the Corporation's net investment in its foreign operations are presented as a component of other comprehensive income. Unrealized foreign currency translation gains and losses are recognized proportionately in net earnings when there has been a disposal of a foreign operation.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**EARNINGS PER PARTICIPATING SHARE**

Basic earnings per participating share is determined by dividing net earnings available to participating shareholders by the weighted average number of participating shares outstanding for the year. Diluted earnings per participating share is determined using the same method as basic earnings per participating share, except that net earnings available to participating shareholders and the weighted average number of participating shares outstanding are adjusted to include the potential dilutive effect of outstanding stock options granted by the Corporation and its subsidiaries, as determined by the treasury stock method.

Options with tandem share appreciation rights and Performance Restricted Units are accounted for as cash-settled share-based payments. As these instruments can be exercised in exchange for subordinate voting shares or for cash, they are considered potentially dilutive and are included in the calculation of the diluted net earnings per share if they have a dilutive impact during the year. The net earnings used in the diluted calculation is adjusted to reflect the expense had these instruments been classified as equity-settled.

COMPARATIVE FIGURES

In 2025, the Corporation reclassified certain comparative figures for disclosure items to conform to the current year's presentation. Non-recourse debentures and other debt instruments have been disaggregated on the balance sheets to distinguish those issued by Power Financial, Lifeco and IGM from those consolidated within the Alternative asset investment platforms and Other subsidiaries, which primarily represent project debt and other debt instruments of the Consolidated investment funds. The related cash flows within financing activities have also been disaggregated in the statements of cash flows. In addition, Other assets and Other liabilities have been disaggregated on the balance sheets to present Funds held on behalf of clients and Client funds payable separately. These reclassifications had no impact on the total assets, liabilities, equity, net earnings or total cash flows of the Corporation.

FUTURE ACCOUNTING CHANGES

The Corporation and its subsidiaries actively monitor changes in IFRS Accounting Standards, both proposed and released, by the IASB and analyze the effect that changes in the standards may have on the consolidated financial statements when they become effective. The following sets out standards released and updates to the Corporation's analysis since the year ended December 31, 2024:

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

NOTE 3 BUSINESS ACQUISITIONS AND OTHER TRANSACTIONS**LIFECO****Sale of United Kingdom Onshore Bond Business**

On December 23, 2024, Canada Life U.K., a subsidiary of Lifeco, announced the signing of an agreement to transfer its onshore bond business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Concurrently, the two parties entered into a reinsurance agreement such that the risks and rewards of the underlying business are transferred to Countrywide. For the year ended December 31, 2024, the transaction resulted in a net gain of \$21 million pre-tax, mainly driven by recognition of assets associated with the reinsurance agreement. The underlying assets and the related liabilities on account of segregated fund policyholders, with a carrying value of \$2,787 million as at December 31, 2025 (\$2,750 million at December 31, 2024), are to be transferred to Countrywide pending court approval, which is expected to occur in 2026.

SAGARD**BEX Capital (BEX)**

In June 2025, SHMI, a subsidiary of Sagard, acquired a 45% strategic interest in BEX Capital, a specialized secondaries investment firm with offices in Nice and New York. The agreement provides SHMI with a contractual obligation to acquire all of the remaining equity of BEX on December 31, 2029. Upon closing of the transaction, the Corporation determined that it has control of BEX, through Sagard, in accordance with IFRS 10, *Consolidated Financial Statements*. As a result, the Corporation consolidated BEX on the date of acquisition. The transaction did not have a significant impact on the financial statements.

Performance Equity Management (PEM)

In August 2025, SHMI acquired an additional 62.0% interest in PEM, increasing its economic interest to 100%, primarily in exchange for Class B shares of PEM, which are expected to be settled on December 31, 2028. The Corporation continues to have control of PEM, through SHMI, and the transaction did not have a significant impact on the financial statements.

NOTE 4 CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash	7,845	6,809
Cash equivalents	6,521	6,935
Cash and cash equivalents	14,366	13,744

At December 31, 2025, cash and cash equivalents amounting to \$869 million were restricted for use by subsidiaries (\$1,195 million at December 31, 2024), primarily in respect of cash held in trust for reinsurance agreements or with regulatory authorities, under certain indemnity arrangements, in escrow and held in trust for regulatory purposes.

NOTE 5 INVESTMENTS**CARRYING VALUES AND FAIR VALUES**

Carrying values and estimated fair values of investments are as follows:

	December 31, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Bonds				
Designated as FVPL	159,124	159,124	151,279	151,279
Classified as FVPL	2,108	2,108	1,987	1,987
FVOCI	13,040	13,040	13,758	13,758
Amortized cost	595	596	376	377
	174,867	174,868	167,400	167,401
Mortgage and other loans				
Designated as FVPL	26,139	26,139	29,046	29,046
Classified as FVPL	6,350	6,350	4,886	4,886
FVOCI	269	269	461	461
Amortized cost	11,287	10,964	10,272	9,685
	44,045	43,722	44,665	44,078
Shares				
Classified as FVPL	21,301	21,301	18,649	18,649
Designated as FVOCI	1,043	1,043	923	923
	22,344	22,344	19,572	19,572
Investment properties	8,493	8,493	8,350	8,350
	249,749	249,427	239,987	239,401

BONDS AND MORTGAGE AND OTHER LOANS

Carrying value of bonds and mortgage and other loans by term to maturity is as follows:

December 31, 2025	Term to maturity			Total
	1 year or less	1-5 years	Over 5 years	
Bonds	27,942	54,296	92,629	174,867
Mortgage and other loans ¹	8,069	21,577	14,399	44,045
	36,011	75,873	107,028	218,912

December 31, 2024	Term to maturity			Total
	1 year or less	1-5 years	Over 5 years	
Bonds	25,188	49,507	92,705	167,400
Mortgage and other loans ¹	5,799	23,920	14,946	44,665
	30,987	73,427	107,651	212,065

¹ Mortgage and other loans include equity-release mortgages which do not have a fixed redemption date. The maturity profile of the portfolio has therefore been estimated based on redemption experience.

NOTE 5 INVESTMENTS (continued)**NET INVESTMENT RESULT**

	Years ended December 31,	
	2025	2024
Investment return		
Net investment income	10,608	10,360
Changes in FVPL	4,241	1,877
Total investment return	14,849	12,237
Net finance income (expenses) from insurance contracts		
Changes in fair values of underlying items of direct participating contracts	(4,700)	(4,793)
Effects of risk mitigation option	240	84
Interest accreted	(3,166)	(3,810)
Effect of changes in discount rates and other financial assumptions	1,045	2,807
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	226	(206)
Total net finance income (expenses) from insurance contracts	(6,355)	(5,918)
Net finance income (expenses) from reinsurance contracts		
Interest accreted	6	342
Other	(332)	(352)
Total net finance income (expenses) from reinsurance contracts	(326)	(10)
Changes in investments contract liabilities	(5,002)	(2,932)
Net investment result	3,166	3,377

Net Investment Income

December 31, 2025	Bonds	Mortgage and other loans	Shares	Investment properties	Other	Total
Net investment income						
Investment income earned	7,471	1,621	720	572	591	10,975
Net realized gains (losses) on derecognition of:						
FVOCI assets	8	-	-	-	-	8
Amortized cost assets	-	12	-	-	-	12
Net ECL (charge) recovery	1	8	-	-	(4)	5
Other income (expenses)	-	18	(4)	(216)	(190)	(392)
	7,480	1,659	716	356	397	10,608
Changes in FVPL	1,938	(1,748)	5,178	(137)	(990)	4,241
Net investment income (loss)	9,418	(89)	5,894	219	(593)	14,849

December 31, 2024	Bonds	Mortgage and other loans	Shares	Investment properties	Other	Total
Net investment income						
Investment income earned	7,008	1,522	634	507	991	10,662
Net realized gains (losses) on derecognition of:						
FVOCI assets	(47)	-	-	-	-	(47)
Amortized cost assets	-	2	-	-	-	2
Net ECL recovery	-	7	-	-	-	7
Other income (expenses)	-	14	(9)	(195)	(74)	(264)
	6,961	1,545	625	312	917	10,360
Changes in FVPL	(1,261)	601	1,890	(154)	801	1,877
Net investment income (loss)	5,700	2,146	2,515	158	1,718	12,237

NOTE 5 INVESTMENTS (continued)

Investment income from bonds and mortgage and other loans includes interest income and premium and discount amortization. Income from shares includes dividends and distributions from equity investment funds and gains realized on deconsolidation of subsidiaries and investment funds. Investment properties income includes rental income earned on investment properties, ground rent income earned on leased and subleased land, fee recoveries, lease cancellation income, and interest and other investment income earned on investment properties. Other investment income and expenses includes expenses incurred by investment properties, foreign exchange gains and losses and other miscellaneous income.

SECURITIES LENDING

Lifeco engages in securities lending to generate additional income. Lifeco's securities custodians are used as lending agents. Collateral, which exceeds the fair value of the loaned securities, is deposited by the borrower with Lifeco's lending agent and maintained by the lending agent until the underlying security has been returned. The fair value of the loaned securities is monitored on a daily basis by the lending agent, which obtains or refunds additional collateral as the fair value of the loaned securities fluctuates. Collateral primarily consists of government bonds, investment-grade corporate bonds and cash. Included in the collateral deposited with Lifeco's lending agent is cash collateral of \$615 million at December 31, 2025 (\$219 million at December 31, 2024). In addition, the securities lending agent indemnifies Lifeco against borrower risk, meaning that the lending agent agrees contractually to replace securities not returned due to a borrower default. As at December 31, 2025, Lifeco had loaned securities (which are included in investments) with a fair value of \$5,133 million (\$4,212 million at December 31, 2024).

NOTE 6 INVESTMENTS IN JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES

The carrying values of the investments in jointly controlled corporations and associates are as follows:

December 31, 2025	Jointly controlled corporations		Associates					Total
	Parjointco	Other ¹	ChinaAMC	Lion	Northleaf	Rockefeller	Other ^{1 2}	
Carrying value, beginning of year	3,683	413	1,661	-	354	903	1,787	8,801
Acquisition and investments	-	14	-	-	100	-	231	345
Disposal ³	-	(1)	-	-	-	(394)	(118)	(513)
Share of earnings (losses)	(263)	23	127	-	30	49	46	12
Changes in FVPL	-	-	-	-	-	-	450	450
Share of other comprehensive income (loss)	46	7	(10)	-	-	(37)	(51)	(45)
Dividends and distributions	(175)	(14)	(66)	-	(9)	-	(500)	(764)
Effects of changes in ownership and other	-	(52)	-	-	(3)	(40)	(56)	(151)
Carrying value, end of year	3,291	390	1,712	-	472	481	1,789	8,135

December 31, 2024	Jointly controlled corporations		Associates					Total
	Parjointco	Other ¹	ChinaAMC	Lion	Northleaf	Rockefeller	Other ^{1 2}	
Carrying value, beginning of year	3,717	564	1,535	181	302	845	1,008	8,152
Acquisition and investments	-	36	-	-	40	-	820	896
Disposal	-	(468)	-	-	-	-	-	(468)
Share of earnings (losses)	31	355	113	(35)	20	(14)	27	497
Changes in FVPL	-	-	-	-	-	-	32	32
Impairment	-	-	-	(153)	-	-	-	(153)
Share of other comprehensive income (loss)	(10)	36	86	7	-	72	59	250
Dividends and distributions	(92)	(99)	(73)	-	(8)	-	(100)	(372)
Effects of changes in ownership and other	37	(11)	-	-	-	-	(59)	(33)
Carrying value, end of year	3,683	413	1,661	-	354	903	1,787	8,801

1 Includes investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization, which have been elected to be measured at FVPL of \$1,452 million at December 31, 2025 (\$950 million in 2024).

2 Includes the investment in Desert Quartzite, LLC, a solar and storage project located in California. In 2025, the Corporation received distributions of \$496 million primarily due to the closing of a financing transaction. The investment is classified as an associate with a carrying value of \$84 million at December 31, 2025 (\$594 million at December 31, 2024).

3 Includes a return of capital.

PARJOINTCO

At December 31, 2025, Parjointco held a 100% equity interest (100% of the voting rights) in Pargesa (unchanged from December 31, 2024). Pargesa held a 34.2% equity interest (47.8% of the voting rights) in GBL at December 31, 2025 (32.9% equity interest and 47.0% of the voting rights at December 31, 2024).

At December 31, 2025, the Corporation's share of GBL's net asset value is approximately \$3,861 million. The carrying value of the indirect investment in GBL is \$3,291 million. For the year ended December 31, 2025, revenue of GBL was €6,335 million (C\$9,997 million) (€6,376 million or C\$9,448 million for the year ended December 31, 2024) and net losses attributable to GBL's common shareholders were €630 million (C\$994 million) (net earnings attributable to GBL's common shareholders were €132 million or C\$196 million for the year ended December 31, 2024). Other financial information for GBL can be obtained from its publicly available information.

NOTE 6 INVESTMENTS IN JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES (continued)**CHINAAMC**

At December 31, 2025, IGM Financial held an equity interest of 27.8% in ChinaAMC (unchanged from December 31, 2024). ChinaAMC is an asset management company established in Beijing, China. IGM accounts for its interest in ChinaAMC as an associate using the equity method.

Summarized financial information for ChinaAMC is as follows:

[in millions]	2025		2024	
	Canadian dollars	Chinese renminbi	Canadian dollars	Chinese renminbi
Balance sheet at December 31 ¹				
Assets	4,364	22,246	3,992	20,234
Liabilities	1,403	7,151	1,243	6,302
For the years ended December 31				
Revenue	1,870	9,626	1,533	8,031
Net earnings attributable to common shareholders	465	2,396	411	2,158
Total comprehensive income	460	2,368	416	2,181

¹ Excludes fair value adjustments made at the time of acquisition of \$3,248 million (RMB¥16,380 million).

ROCKEFELLER CAPITAL MANAGEMENT

At December 31, 2025, IGM held an equity interest of 17.2% in Rockefeller (20.5% at December 31, 2024), a U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments. IGM accounts for its interest in Rockefeller as an associate using the equity method.

In December 2025, IGM closed transactions with Rockefeller, receiving total proceeds of \$394 million comprised primarily of a return of capital, as well as an equity sale. IGM's interest decreased to 17.2% due to the equity sale and adjustment to certain previously issued share-based awards, which aligns Rockefeller's management with long-term equity ownership. As a result, the investment's carrying value decreased and a gain was recognized in the statements of earnings.

Summarized financial information for Rockefeller is as follows:

[in millions]	2025		2024	
	Canadian dollars	US dollars	Canadian dollars	US dollars
Balance sheet at December 31				
Assets	2,739	1,996	2,223	1,544
Liabilities	3,381	2,463	1,500	1,041
For the years ended December 31				
Revenue	1,763	1,263	1,344	981
Net earnings (losses) attributable to common shareholders ¹	50	36	(72)	(53)
Total comprehensive income (loss) ¹	50	36	(72)	(53)

¹ Earnings for the year ended December 31, 2025 exclude one-time costs related to the transaction.

NOTE 6 INVESTMENTS IN JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES (continued)**NORTHLEAF CAPITAL GROUP LTD.**

At December 31, 2025, IGM's subsidiary, Mackenzie, and Lifeco held a 49.9% non-controlling voting interest and a 70% economic interest in Northleaf, a global private equity, private credit and infrastructure fund manager, through an acquisition vehicle 80% owned by Mackenzie and 20% owned by Lifeco (unchanged from December 31, 2024). The equity method is used to account for the investment in Northleaf as Mackenzie and Lifeco exercise significant influence, through the acquisition vehicle.

Mackenzie and Lifeco have an obligation and right to purchase the remaining economic and voting interest in Northleaf commencing in approximately five years from the acquisition date on October 29, 2020, and extending into future periods. The acquisition included additional consideration payable at the end of five years from the transaction date, subject to Northleaf achieving exceptional growth in certain performance measures over the period. In 2025, final consideration of \$140 million was achieved and paid, of which \$100 million and \$40 million was reflected as an increase in the carrying value of the investment for the years ended December 31, 2025 and 2024, respectively.

The net earnings of Northleaf are not significant to the results of the Corporation.

LION ELECTRIC CO.

In May 2025, Lion completed a restructuring transaction under the *Companies' Creditors Arrangement Act* ("CCAA"). As a result, all issued and outstanding common shares and warrants of Lion were cancelled without consideration. The Corporation held a 34.1% equity interest in Lion at December 31, 2024. In 2024, the Corporation recorded impairment charges of \$153 million.

PEAK ACHIEVEMENT ATHLETICS INC.

On December 23, 2024, the Corporation completed the sale of its 42.6% interest in Peak to Fairfax Financial Holdings Limited. On close of the transaction, the Corporation received proceeds of \$468 million and recognized a net gain of \$279 million. The investment in Peak was classified as a jointly controlled corporation.

NOTE 7 OWNER-OCCUPIED PROPERTIES AND CAPITAL ASSETS

The carrying value and the changes in the carrying value of owner-occupied properties and capital assets are as follows:

December 31, 2025	Right-of-use assets ²	Owner-occupied properties	Capital assets		Total
			Power generating assets	Other	
Cost, beginning of year	1,311	1,157	4,589	2,050	9,107
Additions ¹	77	118	460	188	843
Modifications	(5)	-	-	(1)	(6)
Transferred to investment properties	-	(26)	-	-	(26)
Disposal/retirements	(6)	-	(38)	(16)	(60)
Changes in foreign exchange rates and other	(7)	3	(118)	(4)	(126)
Cost, end of year	1,370	1,252	4,893	2,217	9,732
Accumulated amortization, beginning of year	(567)	(297)	(484)	(1,490)	(2,838)
Amortization and impairment	(103)	(50)	(150)	(111)	(414)
Modifications	4	-	-	-	4
Disposal/retirements	4	-	38	14	56
Changes in foreign exchange rates and other	(2)	1	5	-	4
Accumulated amortization, end of year	(664)	(346)	(591)	(1,587)	(3,188)
Carrying value, end of year	706	906	4,302	630	6,544

December 31, 2024	Right-of-use assets ²	Owner-occupied properties	Capital assets		Total
			Power generating assets	Other	
Cost, beginning of year	1,156	1,068	3,427	2,018	7,669
Additions ¹	161	60	1,062	156	1,439
Modifications	(8)	-	-	-	(8)
Transferred from investment properties	-	9	-	-	9
Disposal/retirements	(29)	-	-	(144)	(173)
Changes in foreign exchange rates and other	31	20	100	20	171
Cost, end of year	1,311	1,157	4,589	2,050	9,107
Accumulated amortization, beginning of year	(474)	(273)	(349)	(1,491)	(2,587)
Amortization and impairment	(106)	(24)	(128)	(112)	(370)
Disposal/retirements	26	-	-	119	145
Changes in foreign exchange rates and other	(13)	-	(7)	(6)	(26)
Accumulated amortization, end of year	(567)	(297)	(484)	(1,490)	(2,838)
Carrying value, end of year	744	860	4,105	560	6,269

¹ Additions are net of related investment tax credits of \$155 million recorded in 2025 (\$403 million in 2024).

² Right-of-use assets include leased properties and leased capital assets.

The following table provides the carrying value of owner-occupied properties and capital assets by geographic location:

	December 31, 2025	December 31, 2024
United States	3,035	2,869
Canada	2,983	3,002
Europe	526	398
	6,544	6,269

NOTE 8 OTHER ASSETS

	December 31, 2025	December 31, ² 2024
Accounts and interest receivable	6,588	5,954
Securities borrowed	3,174	1,372
Trading account assets ¹	3,995	3,701
Deferred acquisition costs and deferred selling commissions	1,648	1,484
Pension benefits [Note 27]	686	610
Income taxes receivable	424	288
Finance leases receivable	1,044	927
Prepaid expenses	272	273
Funds held under reinsurance contracts	6,229	6,895
Other	2,581	2,444
	26,641	23,948

1 Includes bonds of \$3,751 million and shares of \$244 million at December 31, 2025 (bonds of \$3,449 million and shares of \$252 million at December 31, 2024).

2 Comparative figures have been reclassified to confirm with the current year's presentation.

Other assets of \$16,522 million as at December 31, 2025 (\$13,625 million as at December 31, 2024) are expected to be derecognized within 12 months. This amount excludes deferred acquisition costs and deferred selling commissions, the changes in which are presented below.

DEFERRED ACQUISITION COSTS AND DEFERRED SELLING COMMISSIONS

The changes in the carrying value of the deferred acquisition costs and deferred selling commissions are as follows:

	December 31, 2025	December 31, 2024
Balance, beginning of year	1,484	1,308
Additions	439	377
Disposal	(24)	(26)
Amortization	(255)	(229)
Changes in foreign exchange rates and other	4	54
Balance, end of year	1,648	1,484

NOTE 9 GOODWILL AND INTANGIBLE ASSETS**GOODWILL**

The carrying value and changes in the carrying value of goodwill are as follows:

	December 31, 2025			December 31, 2024		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Balance, beginning of year	15,084	(407)	14,677	14,649	(19)	14,630
Business acquisitions	149	-	149	99	-	99
Disposal	(5)	5	-	(4)	2	(2)
Purchase price allocation adjustments	-	-	-	18	-	18
Allocated to intangible assets	-	-	-	(69)	-	(69)
Impairment ¹	-	-	-	-	(390)	(390)
Changes in foreign exchange rates and other	(165)	-	(165)	391	-	391
Balance, end of year	15,063	(402)	14,661	15,084	(407)	14,677

¹ A non-cash impairment charge of \$383 million was recognized by LMPG Inc. for the year ended December 31, 2024.

INTANGIBLE ASSETS

The carrying value and changes in the carrying value of the intangible assets are as follows:

Indefinite Life Intangible Assets

	Brands, trademarks and trade names	Customer contract-related	Mutual fund management contracts	Shareholders' portion of acquired future participating account profit	Total
December 31, 2025					
Cost, beginning of year	902	435	741	354	2,432
Additions	24	-	-	-	24
Disposal	(17)	-	-	-	(17)
Changes in foreign exchange rates and other	15	2	-	-	17
Cost, end of year	924	437	741	354	2,456
Accumulated impairment, beginning of year	(60)	-	-	-	(60)
Changes in foreign exchange rates and other	(1)	-	-	-	(1)
Accumulated impairment, end of year	(61)	-	-	-	(61)
Carrying value, end of year	863	437	741	354	2,395

	Brands, trademarks and trade names	Customer contract-related	Mutual fund management contracts	Shareholders' portion of acquired future participating account profit	Total
December 31, 2024					
Cost, beginning of year	886	380	741	354	2,361
Additions	7	55	-	-	62
Disposal	(4)	-	-	-	(4)
Changes in foreign exchange rates and other	13	-	-	-	13
Cost, end of year	902	435	741	354	2,432
Accumulated impairment, beginning of year	(57)	-	-	-	(57)
Changes in foreign exchange rates and other	(3)	-	-	-	(3)
Accumulated impairment, end of year	(60)	-	-	-	(60)
Carrying value, end of year	842	435	741	354	2,372

NOTE 9 GOODWILL AND INTANGIBLE ASSETS (continued)**Finite Life Intangible Assets**

	Technology and software	Customer contract-related	Power purchase agreements	Other	Total
December 31, 2025					
Cost, beginning of year	3,445	3,710	676	822	8,653
Additions	492	190	36	32	750
Disposal	(86)	(10)	-	(3)	(99)
Changes in foreign exchange rates and other	(1)	(90)	2	(12)	(101)
Cost, end of year	3,850	3,800	714	839	9,203
Accumulated amortization, beginning of year	(2,013)	(1,505)	(212)	(321)	(4,051)
Amortization	(299)	(207)	(43)	(46)	(595)
Disposal	64	2	-	-	66
Changes in foreign exchange rates and other	(3)	24	(4)	(4)	13
Accumulated amortization, end of year	(2,251)	(1,686)	(259)	(371)	(4,567)
Carrying value, end of year	1,599	2,114	455	468	4,636

	Technology and software	Customer contract-related	Power purchase agreements	Other	Total
December 31, 2024					
Cost, beginning of year	2,980	3,426	623	762	7,791
Additions	403	96	55	36	590
Disposal	(22)	(5)	(2)	-	(29)
Changes in foreign exchange rates and other	84	193	-	24	301
Cost, end of year	3,445	3,710	676	822	8,653
Accumulated amortization, beginning of year	(1,717)	(1,237)	(176)	(275)	(3,405)
Amortization	(267)	(209)	(42)	(41)	(559)
Disposal	22	5	1	-	28
Changes in foreign exchange rates and other	(51)	(64)	5	(5)	(115)
Accumulated amortization, end of year	(2,013)	(1,505)	(212)	(321)	(4,051)
Carrying value, end of year	1,432	2,205	464	501	4,602

ALLOCATION TO CASH GENERATING UNITS

Goodwill and indefinite life intangible assets have been assigned to CGUs as follows:

	December 31, 2025			December 31, 2024		
	Goodwill	Intangible assets	Total	Goodwill	Intangible assets	Total
Lifeco						
United States	4,353	19	4,372	4,575	20	4,595
Canada ¹	4,666	1,051	5,717	4,651	1,051	5,702
Europe	2,518	272	2,790	2,456	256	2,712
IGM						
Wealth Management	1,440	-	1,440	1,440	-	1,440
Asset Management	1,255	1,003	2,258	1,255	1,003	2,258
Other	429	50	479	300	42	342
	14,661	2,395	17,056	14,677	2,372	17,049

¹ Considering recent business transformation activities, Lifeco reassessed its cash generating unit groupings in Canada and has grouped Individual Customer and Group Customer into Canada to reflect the current lowest level at which goodwill and indefinite life intangible assets are monitored for internal management purposes.

NOTE 9 GOODWILL AND INTANGIBLE ASSETS (continued)**RECOVERABLE AMOUNT****Lifeco**

For purposes of annual impairment testing, Lifeco allocates goodwill and indefinite life intangible assets to its CGUs. Any potential impairment of goodwill or indefinite life intangible assets is identified by comparing the recoverable amount to its carrying value.

Fair value is initially assessed with reference to valuation multiples of comparable publicly traded financial institutions and previous business acquisition transactions. The calculations utilize earnings and cash flow projections based on financial budgets approved by Lifeco's management. These valuation multiples may include price-to-earnings or price-to-book measures for life insurers and asset managers. This assessment may give regard to a variety of relevant considerations, including expected growth, risk and capital market conditions, among other factors. The valuation multiples used in assessing fair value represent Level 2 inputs.

In the fourth quarter of 2025, Lifeco conducted its annual impairment testing of goodwill and indefinite life intangible assets based on the September 30, 2025 asset balances. It was determined that the recoverable amounts of CGUs were in excess of their carrying values and there was no evidence of impairment.

Any reasonable changes in assumptions and estimates used in determining the recoverable amounts of the CGUs are unlikely to cause the carrying values to exceed their recoverable amounts.

IGM Financial

IGM tests whether goodwill and indefinite life intangible assets are impaired by comparing the carrying amounts with the recoverable amounts. The recoverable amount of IGM's CGUs is based on the best available evidence of fair value less cost to sell (FVLCS).

In assessing recoverable amounts, valuation approaches are used that may include application of capitalization multiples to financial and operating metrics based upon precedent acquisition transactions and trading comparables and discounted cash flow analysis. Valuation multiples may include price-to-earnings or other conventionally used measures for investment managers or other financial service providers (multiples of value to assets under management, revenues, or other measures of profitability). This assessment may give regard to a variety of relevant considerations, including expected growth, risk and capital market conditions, among other factors. The valuation multiples used in assessing fair value represent Level 2 inputs. Assumptions and estimates employed in discounted cash flows include future changes in assets under management resulting from net sales and investment returns, pricing and profit margin changes and discount rates, which represent Level 3 inputs.

The FVLCS of IGM's CGUs was compared with the carrying amount and it was determined there was no impairment. Changes in assumptions and estimates used in determining the recoverable amounts of the CGUs can result in significant adjustments to the valuation of the CGUs.

NOTE 10 INSURANCE CONTRACTS**ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS**

	Liability for remaining coverage			Liability for incurred claims			Asset for acquisition cash flows	Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA Estimates of present value of future cash flows	Risk adjustment for non-financial risk			
December 31, 2025								
Opening assets	(1,414)	3	190	28	-	-	(1,193)	
Opening liabilities	137,519	337	3,573	13,866	569	(181)	155,683	
Opening liabilities on account of segregated fund policyholders	66,343	-	-	-	-	-	66,343	
Net opening balance	202,448	340	3,763	13,894	569	(181)	220,833	
Changes in the statements of earnings and of comprehensive income								
Insurance revenue	(22,321)	-	-	-	-	-	(22,321)	
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(31)	10,067	6,905	62	-	17,003	
Amortization of insurance acquisition cash flows	843	-	-	-	-	-	843	
Losses and reversal of losses on onerous contracts	-	213	-	-	-	-	213	
Adjustments to liabilities for incurred claims	-	-	(48)	(692)	(80)	-	(820)	
	843	182	10,019	6,213	(18)	-	17,239	
Investment components	(11,063)	-	7,927	3,136	-	-	-	
Total changes in insurance service result	(32,541)	182	17,946	9,349	(18)	-	(5,082)	
Net finance (income) expenses from insurance contracts	6,353	(1)	6,087	474	16	-	12,929	
Effect of movement in exchange rates	957	(2)	64	158	9	-	1,186	
Total changes in the statements of earnings and of comprehensive income	(25,231)	179	24,097	9,981	7	-	9,033	
Cash flows								
Premiums received	34,593	-	-	-	-	-	34,593	
Incurred claims paid and other insurance service expenses paid	(54)	-	(23,986)	(9,709)	-	-	(33,749)	
Insurance acquisition cash flows	(959)	-	-	-	-	-	(959)	
Insurance acquisition cash flows transferred from the asset for insurance acquisition cash flows at initial recognition	(36)	-	-	-	-	-	(36)	
Other cash flows ¹	1,092	-	-	-	-	-	1,092	
Total cash flows	34,636	-	(23,986)	(9,709)	-	-	941	
Asset for acquisition cash flows								
Insurance acquisition cash flows paid in the year	-	-	-	-	-	(40)	(40)	
Insurance acquisition cash flows allocated to groups of insurance contracts recognized in the year	-	-	-	-	-	36	36	
Total changes in asset for acquisition cash flows	-	-	-	-	-	(4)	(4)	
Other movements ²	(312)	-	-	-	-	-	(312)	
Net closing balance ³	211,541	519	3,874	14,166	576	(185)	230,491	
Recorded in:								
Closing assets	(2,374)	-	894	(91)	-	-	(1,571)	
Closing liabilities	143,497	519	2,980	14,257	576	(185)	161,644	
Closing liabilities on account of segregated fund policyholders	70,418	-	-	-	-	-	70,418	
Net closing balance ³	211,541	519	3,874	14,166	576	(185)	230,491	

1 Other cash flows includes transfer to/from segregated funds, premiums to be settled via funding component balance (FCB), claims to be settled via FCB, net settlements, and other cash flows from policy loans.

2 Other movements represents changes in the expected fulfillment cash flows on certain reinsurance contracts held where Lifeco has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

3 Included in the insurance contract balances are loans to policyholders of \$8,727 million and funds withheld of \$3,489 million.

NOTE 10 INSURANCE CONTRACTS (continued)

	Liability for remaining coverage		Liability for incurred claims				
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		Asset for acquisition cash flows	Total
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
December 31, 2024							
Opening assets	(2,021)	-	831	(3)	-	-	(1,193)
Opening liabilities	127,300	253	2,876	13,578	555	(174)	144,388
Opening liabilities on account of segregated fund policyholders	60,302	-	-	-	-	-	60,302
Net opening balance	185,581	253	3,707	13,575	555	(174)	203,497
Changes in the statements of earnings and of comprehensive income							
Insurance revenue	(21,214)	-	-	-	-	-	(21,214)
Insurance service expenses							
Incurred claims and other insurance service expenses	-	(21)	9,647	6,615	55	-	16,296
Amortization of insurance acquisition cash flows	748	-	-	-	-	-	748
Losses and reversal of losses on onerous contracts	-	97	-	-	-	-	97
Adjustments to liabilities for incurred claims	-	-	(17)	(689)	(67)	-	(773)
	748	76	9,630	5,926	(12)	-	16,368
Investment components	(10,578)	-	7,523	3,055	-	-	-
Total changes in insurance service result	(31,044)	76	17,153	8,981	(12)	-	(4,846)
Net finance (income) expenses from insurance contracts	7,856	2	5,576	505	17	-	13,956
Effect of movement in exchange rates	4,892	9	87	188	9	-	5,185
Total changes in the statements of earnings and of comprehensive income	(18,296)	87	22,816	9,674	14	-	14,295
Cash flows							
Premiums received	35,406	-	-	-	-	-	35,406
Incurred claims paid and other insurance service expenses paid	(58)	-	(22,760)	(9,355)	-	-	(32,173)
Insurance acquisition cash flows	(878)	-	-	-	-	-	(878)
Insurance acquisition cash flows transferred from the asset for insurance acquisition cash flows at initial recognition	(34)	-	-	-	-	-	(34)
Other cash flows ¹	1,211	-	-	-	-	-	1,211
Total cash flows	35,647	-	(22,760)	(9,355)	-	-	3,532
Asset for acquisition cash flows							
Insurance acquisition cash flows paid in the year	-	-	-	-	-	(41)	(41)
Insurance acquisition cash flows allocated to groups of insurance contracts recognized in the year	-	-	-	-	-	34	34
Total changes in asset for acquisition cash flows	-	-	-	-	-	(7)	(7)
Other movements ²	(484)	-	-	-	-	-	(484)
Net closing balance ³	202,448	340	3,763	13,894	569	(181)	220,833
Recorded in:							
Closing assets	(1,414)	3	190	28	-	-	(1,193)
Closing liabilities	137,519	337	3,573	13,866	569	(181)	155,683
Closing liabilities on account of segregated fund policyholders	66,343	-	-	-	-	-	66,343
Net closing balance ³	202,448	340	3,763	13,894	569	(181)	220,833

1 Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlements, and other cash flows from policy loans.

2 Other movements represents changes in the expected fulfillment cash flows on certain reinsurance contracts held where Lifeco has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

3 Included in the insurance contract balances are loans to policyholders of \$9,204 million and funds withheld of \$3,640 million.

NOTE 10 INSURANCE CONTRACTS (continued)

ANALYSIS BY MEASUREMENT COMPONENT FOR INSURANCE CONTRACTS NOT MEASURED UNDER PAA

December 31, 2025	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	(4,397)	584	2,672	(1,141)
Opening liabilities	124,143	6,155	11,768	142,066
Opening liabilities on account of segregated fund policyholders	66,343	-	-	66,343
Net opening balance	186,089	6,739	14,440	207,268
Changes in the statements of earnings and of comprehensive income				
Changes that relate to current service				
CSM recognized for services provided	-	-	(1,357)	(1,357)
Change in risk adjustment for non-financial risk for risk expired	-	(628)	-	(628)
Experience adjustments	211	1	-	212
Changes that relate to future service				
Contracts initially recognized in the year	(863)	257	620	14
Changes in estimates that adjust the CSM	(142)	(15)	157	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	169	30	-	199
Changes that relate to past service				
Adjustment to liabilities for incurred claims	(44)	(3)	-	(47)
Total changes in insurance service result	(669)	(358)	(580)	(1,607)
Net finance (income) expenses from insurance contracts	12,163	88	187	12,438
Effect of movement in foreign exchange rates	539	124	350	1,013
Total changes in the statements of earnings and of comprehensive income	12,033	(146)	(43)	11,844
Cash flows				
Premiums received	21,737	-	-	21,737
Incurred claims paid and other insurance service expenses paid	(24,040)	-	-	(24,040)
Insurance acquisition cash flows	(807)	-	-	(807)
Other cash flows ¹	1,153	-	-	1,153
Total cash flows	(1,957)	-	-	(1,957)
Other movements ²	(312)	-	-	(312)
Net closing balance	195,853	6,593	14,397	216,843
Recorded in:				
Closing assets	(7,185)	1,549	4,267	(1,369)
Closing liabilities	132,620	5,044	10,130	147,794
Closing liabilities on account of segregated fund policyholders	70,418	-	-	70,418
Net closing balance	195,853	6,593	14,397	216,843

1 Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlements, and other cash flows from policy loans.

2 Other movements represents changes in the expected fulfillment cash flows on certain reinsurance contracts held where Lifeco has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

NOTE 10 INSURANCE CONTRACTS (continued)

December 31, 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	(6,560)	1,654	3,796	(1,110)
Opening liabilities	115,794	5,372	9,952	131,118
Opening liabilities on account of segregated fund policyholders	60,302	-	-	60,302
Net opening balance	169,536	7,026	13,748	190,310
Changes in the statements of earnings and of comprehensive income				
Changes that relate to current service				
CSM recognized for services provided	-	-	(1,262)	(1,262)
Change in risk adjustment for non-financial risk for risk expired	-	(627)	-	(627)
Experience adjustments	161	1	-	162
Changes that relate to future service				
Contracts initially recognized in the year	(1,229)	330	913	14
Changes in estimates that adjust the CSM	(243)	(284)	527	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	69	14	-	83
Changes that relate to past service				
Adjustment to liabilities for incurred claims	(16)	-	-	(16)
Total changes in insurance service result	(1,258)	(566)	178	(1,646)
Net finance (income) expenses from insurance contracts	13,186	74	174	13,434
Effect of movement in foreign exchange rates	4,441	205	340	4,986
Total changes in the statements of earnings and of comprehensive income	16,369	(287)	692	16,774
Cash flows				
Premiums received	22,964	-	-	22,964
Incurred claims paid and other insurance service expenses paid	(22,817)	-	-	(22,817)
Insurance acquisition cash flows	(750)	-	-	(750)
Other cash flows ¹	1,271	-	-	1,271
Total cash flows	668	-	-	668
Other movements ²	(484)	-	-	(484)
Net closing balance	186,089	6,739	14,440	207,268
Recorded in:				
Closing assets	(4,397)	584	2,672	(1,141)
Closing liabilities	124,143	6,155	11,768	142,066
Closing liabilities on account of segregated fund policyholders	66,343	-	-	66,343
Net closing balance	186,089	6,739	14,440	207,268

¹ Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlements, and other cash flows from policy loans.

² Other movements represents changes in the expected fulfillment cash flows on certain reinsurance contracts held where Lifeco has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

NOTE 10 INSURANCE CONTRACTS (continued)

CSM AND INSURANCE REVENUE BY TRANSITION APPROACH

	December 31, 2025	December 31, 2024
Insurance contracts under fair value approach		
CSM balance, beginning of year	9,052	9,641
Change related to current service provided		
CSM recognized for services provided	(845)	(885)
Changes that relate to future service		
Changes in estimates that adjust the CSM	97	58
Total changes in insurance service result	(748)	(827)
Net finance expenses from insurance contracts	48	62
Effect of movement in exchange rates	193	176
Total change	(507)	(589)
CSM balance, end of year	8,545	9,052
Other insurance contracts		
CSM balance, beginning of year	5,388	4,107
Change related to current service provided		
CSM recognized for services provided	(512)	(377)
Changes that relate to future service		
Contracts initially recognized in the year	620	913
Changes in estimates that adjust the CSM	60	469
Total changes in insurance service result	168	1,005
Net finance expenses from insurance contracts	139	112
Effect of movement in exchange rates	157	164
Total change	464	1,281
CSM balance, end of year	5,852	5,388
Net CSM balance, end of year	14,397	14,440
	December 31, 2025	December 31, 2024
Insurance revenue for:		
Contracts under fair value approach	7,543	8,569
Contracts under other approaches	14,778	12,645
Total insurance revenue	22,321	21,214

Upon transition, IFRS 17 required an entity to apply the standard retrospectively unless impracticable. Lifeco performed a cut-off date assessment (by region and product) to determine the contracts to which the full retrospective approach can be applied. Lifeco applied the full retrospective approach to all identified insurance contracts unless it was impracticable, where reasonable and supportable information necessary to complete the full retrospective approach was not available.

Lifeco applied the fair value approach to contracts where it was impracticable to apply the full retrospective approach. The fair value approach calculates the CSM or loss component of the liability for remaining coverage as the difference between the fair value of a group of insurance contracts at the date of transition and the fulfillment cash flows measured at that date.

Lifeco used an embedded value approach to determine the fair value within the fair value approach. Under the embedded value approach, the fair value is measured as the third party's present value of fulfillment cash flows, plus future costs of capital, less any future profits. The cost of capital was measured as the total required capital multiplied by a hurdle rate, and the future profits are driven by the release of risk adjustment and investment income on required capital. The development of the assumptions was based on a combination of publicly available industry data, historic economic data and Lifeco's own view of assumptions when the external data sources were not available.

NOTE 10 INSURANCE CONTRACTS (continued)**COMPOSITION OF INSURANCE AND INVESTMENT CONTRACT LIABILITIES AND RELATED SUPPORTING ASSETS**

The composition of insurance and reinsurance contract assets and liabilities, as well as investment contract liabilities of Lifeco by business is as follows:

	Assets		Liabilities		
	Insurance contracts	Reinsurance contracts held	Insurance contracts	Investment contracts	Reinsurance contracts held
December 31, 2025					
Participating					
United States	-	-	5,033	-	-
Canada	-	-	61,045	-	-
Europe	-	-	118	-	-
Capital and Risk Solutions	-	-	651	-	-
Non-participating					
United States	315	11,818	12,599	84,620	158
Canada	445	1,224	30,600	3,456	321
Europe	534	3,705	45,386	377	397
Capital and Risk Solutions	277	103	6,212	589	43
	1,571	16,850	161,644	89,042	919

	Assets		Liabilities		
	Insurance contracts	Reinsurance contracts held	Insurance contracts	Investment contracts	Reinsurance contracts held
December 31, 2024					
Participating					
United States	-	-	5,337	-	-
Canada	-	-	55,941	-	-
Europe	-	-	122	-	-
Capital and Risk Solutions	-	-	678	-	-
Non-participating					
United States	335	12,756	13,544	85,470	159
Canada	434	1,216	31,309	3,698	283
Europe	353	3,746	41,944	330	313
Capital and Risk Solutions	71	124	6,808	659	40
	1,193	17,842	155,683	90,157	795

NOTE 10 INSURANCE CONTRACTS (continued)

The composition of the assets supporting insurance contract liabilities of Lifeco by business is as follows:

December 31, 2025	Bonds	Mortgage loans	Shares	Investment properties	Other	Total
Participating liabilities						
United States	3,939	528	276	-	290	5,033
Canada	29,132	12,332	12,618	5,630	1,333	61,045
Europe	56	-	39	-	23	118
Capital and Risk Solutions	613	-	-	-	38	651
Non-participating liabilities						
United States	346	7	-	-	12,246	12,599
Canada	23,072	3,533	3,422	573	-	30,600
Europe	29,177	7,923	126	1,658	6,502	45,386
Capital and Risk Solutions	5,354	811	47	-	-	6,212
	91,689	25,134	16,528	7,861	20,432	161,644

December 31, 2024 ¹	Bonds	Mortgage loans	Shares	Investment properties	Other	Total
Participating liabilities						
United States	4,281	612	251	-	193	5,337
Canada	27,497	12,239	10,513	5,164	528	55,941
Europe	53	-	34	3	32	122
Capital and Risk Solutions	604	-	-	-	74	678
Non-participating liabilities						
United States	387	8	-	-	13,149	13,544
Canada	23,553	3,727	3,206	742	81	31,309
Europe	27,227	7,359	396	1,909	5,053	41,944
Capital and Risk Solutions	6,057	751	-	-	-	6,808
	89,659	24,696	14,400	7,818	19,110	155,683

¹ Comparative figures have been reclassified to confirm with the current year's presentation.

Cash flows of assets supporting insurance contract liabilities are matched within reasonable limits.

EFFECT ON MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS INITIALLY RECOGNIZED IN THE YEAR

December 31, 2025	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	683	49	732
Claims and other insurance service expenses payable	7,425	83	7,508
Estimates of present value of cash outflows	8,108	132	8,240
Estimates of present value of cash inflows	(8,968)	(135)	(9,103)
Risk adjustment for non-financial risk	240	17	257
CSM	620	-	620
Total losses (gains) recognized on initial recognition	-	14	14

December 31, 2024	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	582	42	624
Claims and other insurance service expenses payable	9,241	79	9,320
Estimates of present value of cash outflows	9,823	121	9,944
Estimates of present value of cash inflows	(11,050)	(123)	(11,173)
Risk adjustment for non-financial risk	312	18	330
CSM	913	-	913
Total losses (gains) recognized on initial recognition	(2)	16	14

Lifeco did not acquire any insurance contracts through transfer or business combination.

NOTE 10 INSURANCE CONTRACTS (continued)

MATURITY ANALYSIS OF INSURANCE AND REINSURANCE CONTRACTS HELD

The following table shows the undiscounted expected future cash outflows (inflows) for insurance and reinsurance contracts held by expected timing based on best estimate actuarial assumptions and excludes amounts from insurance contract liabilities on account of segregated fund holders. Whole life individual insurance products have expected cash flows for several decades in the future. Examples of cash outflows are payment of claims and expenses, and examples of cash inflows are premiums.

December 31, 2025	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Insurance contracts							
Insurance contract liabilities	9,039	5,164	5,402	5,508	5,851	507,352	538,316
Insurance contract assets	(786)	(821)	(776)	(678)	(621)	(8,048)	(11,730)
	8,253	4,343	4,626	4,830	5,230	499,304	526,586
Reinsurance contracts held							
Reinsurance contract held liabilities	177	239	241	218	190	1,433	2,498
Reinsurance contract held assets	(736)	(218)	(198)	(196)	(199)	(4,479)	(6,026)
	(559)	21	43	22	(9)	(3,046)	(3,528)

December 31, 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Insurance contracts							
Insurance contract liabilities	8,168	4,295	4,429	4,776	4,947	456,281	482,896
Insurance contract assets	(604)	(573)	(541)	(479)	(424)	(3,260)	(5,881)
	7,564	3,722	3,888	4,297	4,523	453,021	477,015
Reinsurance contracts held							
Reinsurance contract held liabilities	182	111	112	99	82	490	1,076
Reinsurance contract held assets	(634)	(189)	(168)	(164)	(167)	(4,306)	(5,628)
	(452)	(78)	(56)	(65)	(85)	(3,816)	(4,552)

AMOUNT OF INSURANCE CONTRACT LIABILITIES PAYABLE ON DEMAND

The amounts from insurance contract liabilities that are payable on demand are set out below. The amounts payable on demand include the cash surrender value and/or the account value less applicable surrender charges payable. Insurance contract liabilities held on account of segregated fund holders are excluded from the amounts payable on demand and carrying amounts.

	December 31, 2025	December 31, 2024
Amounts payable on demand	67,709	64,424
Carrying amounts	105,841	101,715

EXPECTED REMAINING CSM RECOGNITION

	December 31, 2025	December 31, 2024
1 year or less	1,287	1,207
1-2 years	1,158	1,121
2-3 years	1,036	1,027
3-4 years	951	950
4-5 years	869	873
5-10 years	3,366	3,384
Over 10 years	5,730	5,878
	14,397	14,440

NOTE 10 INSURANCE CONTRACTS (continued)**EXPECTED DERECOGNITION OF THE ASSET FOR INSURANCE ACQUISITION CASH FLOWS**

	December 31, 2025	December 31, 2024
1 year or less	34	32
1-2 years	31	30
2-3 years	28	27
3-4 years	25	24
4-5 years	21	21
5-10 years	46	47
	185	181

CSM

The concentration of insurance risk of Lifeco by business is as follows:

	Non-participating (excluding segregated funds)						Participating account surplus in Lifeco's subsidiaries ¹	Total ²
	United States	Canada	Europe	Capital and Risk Solutions	Total	Segregated funds		
December 31, 2025								
CSM, beginning of year	55	690	3,664	2,436	6,845	3,268	3,255	13,368
CSM recognized for services provided	(8)	(67)	(326)	(269)	(670)	(407)	(155)	(1,232)
Contracts initially recognized in the year	-	40	267	100	407	126	109	642
Changes in estimates that adjust the CSM	14	(168)	5	28	(121)	83	289	251
Net finance (income) expenses from insurance contracts	2	18	91	65	176	(15)	-	161
Effect of movement in exchange rates	(3)	-	165	70	232	120	(12)	340
CSM, end of year	60	513	3,866	2,430	6,869	3,175	3,486	13,530

	Non-participating (excluding segregated funds)						Participating account surplus in Lifeco's subsidiaries ¹	Total ²
	United States	Canada	Europe	Capital and Risk Solutions	Total	Segregated funds		
December 31, 2024								
CSM, beginning of year	24	1,159	3,255	1,745	6,183	3,298	3,154	12,635
CSM recognized for services provided	(5)	(103)	(286)	(178)	(572)	(408)	(151)	(1,131)
Contracts initially recognized in the year	-	36	371	251	658	170	119	947
Changes in estimates that adjust the CSM	31	(431)	79	477	156	197	113	466
Net finance (income) expenses from insurance contracts	1	29	79	47	156	(17)	-	139
Effect of movement in exchange rates	4	-	166	94	264	28	20	312
CSM, end of year	55	690	3,664	2,436	6,845	3,268	3,255	13,368

¹ Included in non-controlling interests on the balance sheets.

² The amounts in the table above are presented net of reinsurance.

NOTE 10 INSURANCE CONTRACTS (continued)

INSURANCE RISK**Actuarial Assumptions**

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

Lifeco 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 non-performance by the reinsurer.

Investment contract liabilities are measured at fair value determined using discount rates derived from a reference portfolio or stochastic modelling at the end of the reporting period. Lifeco'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:

Actuarial assumptions	Methods
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 Lifeco'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 have been made for future mortality deterioration on term insurance.
Morbidity	Lifeco uses industry-developed experience tables modified to reflect emerging Lifeco 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. Lifeco 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 Lifeco has no experience with specific types of policies or its exposure is limited. Lifeco'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 term for renewable term policies in Canada and Capital and Risk Solutions. Industry experience has guided Lifeco's assumptions for these products as its own experience is very 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 Lifeco. Examples include term renewals, conversion to whole life insurance (term insurance), settlement annuity purchase at guaranteed rates (deposit annuities) and guarantee resets (segregated fund maturity guarantees). The assumed rates of utilization are based on Lifeco or industry experience when it exists and otherwise based on judgment 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.

NOTE 10 INSURANCE CONTRACTS (continued)

Actuarial assumptions	Methods
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 Lifeco'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 on net earnings is reflected in the impacts of changes in best estimate assumptions below.
Investment returns	Interest rate risk is managed by investing in assets that are suitable for the products sold. Lifeco utilizes a formal process for managing the matching of assets and liabilities. This involves grouping general fund assets and liabilities into Lifeco's businesses. Assets in each business are managed in relation to the liabilities in the related business. The impact to 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 lead to a sensitivity to interest rate movements in net earnings.
Insurance and investment contract liabilities	In determining Lifeco'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 net earnings.

NOTE 10 INSURANCE CONTRACTS (continued)

Non-Financial Exposures and Sensitivities
INSURANCE RISK

	Net earnings		CSM ¹	
	Before reinsurance	Net of reinsurance held	Before reinsurance	Net of reinsurance held
December 31, 2025				
2% life mortality increase	(225)	(200)	(225)	(75)
2% annuity mortality decrease	200	175	(750)	(625)
5% morbidity adverse change	(150)	(150)	(225)	(100)
5% expense increase	(25)	-	(125)	(125)
10% adverse change in policy termination and renewal	(225)	(150)	(675)	(725)

	Net earnings		CSM ¹	
	Before reinsurance	Net of reinsurance held	Before reinsurance	Net of reinsurance held
December 31, 2024				
2% life mortality increase	(100)	(100)	(350)	(175)
2% annuity mortality decrease	200	175	(725)	(650)
5% morbidity adverse change	(150)	(125)	(200)	(100)
5% expense increase	-	-	(125)	(150)
10% adverse change in policy termination and renewal	(50)	-	(850)	(850)

¹ The impacts to the CSM are pre-tax.

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

Assumption changes on insurance risk directly impact CSM, for contracts which have CSM. The impact of assumption changes on CSM is measured at locked-in discount rates, for contracts measured under the GMM. Net earnings impacts arise from any differences relative to 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). For assumption changes impacting CSM, there is a second-order impact to earnings 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 Lifeco's insurance contracts, as most locked-in rates for the calculation of CSM impacts were determined at January 1, 2022 for the in-force portfolio. Therefore, an unfavourable change in assumptions on insurance risk, leading to a liability-strengthening offset by CSM reduction, also results in a positive earnings impact in the period due to the fair value impact.

Concentration risk may arise from geographic regions, accumulation of risks and market risk.

REINSURANCE RISK

Maximum limits per insured life benefit amount (which vary by Lifeco's line of business) are established for life and health insurance, and reinsurance is purchased for amounts in excess of those limits.

Reinsurance costs and recoveries as defined by the reinsurance agreement are reflected in the valuation with these costs and recoveries being appropriately calibrated to the direct assumptions.

Reinsurance contracts do not relieve Lifeco from its obligations to policyholders. Failure of reinsurers to honour their obligations could result in losses to Lifeco. Lifeco evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

Certain of the reinsurance contracts are on a funds-withheld basis where Lifeco retains the assets supporting the reinsured insurance contract liabilities, thus minimizing the exposure to significant losses from reinsurer insolvency on those contracts.

NOTE 10 INSURANCE CONTRACTS (continued)**Discount Rates**

The following tables provide the lower and upper end of the range of the spot rates used by Lifeco to discount liability cash flows by major currency:

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

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

The spot rates in the tables 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.

Impact of assumption changes and management actions

Throughout the year, Lifeco completed certain assumption reviews and model refinements related to insurance contract liabilities. The following table shows the net earnings and CSM impacts of assumption changes and management actions for the years ended December 31, 2025 and December 31, 2024:

For the year ended December 31, 2025		CSM impacts ¹	Net earnings impact (pre-tax)
Assumptions			
Longevity ²		30	18
Mortality ³		(21)	(27)
Policyholder behaviour ⁴		(184)	50
Other ⁵		25	(141)
Total		(150)	(100)
For the year ended December 31, 2024			
Total		252	(209)

1 Excludes participating and segregated fund policies.

2 Updates to reflect recent longevity experience, primarily on portfolios in the Capital and Risk Solutions business and in the European business.

3 Updates to reflect recent mortality experience on the United States life reinsurance portfolio in the Capital and Risk Solutions business, and recent mortality experience and trends in the Canadian business.

4 Updates to lapse assumptions on universal life insurance in the Canadian business.

5 Other updates, including financial and expense assumptions.

NOTE 11 REINSURANCE CONTRACTS HELD**ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS**

	Asset for remaining coverage		Asset for incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Contracts not under PAA	Contracts under PAA Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
December 31, 2025						
Opening assets	16,594	72	1,046	124	6	17,842
Opening liabilities	(1,269)	28	339	99	8	(795)
Net opening balance	15,325	100	1,385	223	14	17,047
Changes in the statements of earnings and of comprehensive income						
Net expenses from reinsurance contracts	(4,643)	(3)	1,935	1,003	5	(1,703)
Investment components	(140)	-	140	-	-	-
Net finance income (expenses) from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(349)	(2)	18	7	-	(326)
Effect of movement in exchange rates	(383)	2	45	5	-	(331)
Total changes in the statements of earnings and of comprehensive income	(5,515)	(3)	2,138	1,015	5	(2,360)
Cash flows						
Premiums paid	5,292	-	-	-	-	5,292
Incurred claims received and other insurance service amounts received	-	-	(2,062)	(908)	-	(2,970)
Other cash flows ¹	(767)	-	-	-	-	(767)
Total cash flows	4,525	-	(2,062)	(908)	-	1,555
Other movements ²	(311)	-	-	-	-	(311)
Net closing balance ³	14,024	97	1,461	330	19	15,931
Recorded in:						
Closing assets	15,473	79	948	331	19	16,850
Closing liabilities	(1,449)	18	513	(1)	-	(919)
Net closing balance ³	14,024	97	1,461	330	19	15,931

1 Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

2 Other movements represents changes in the expected fulfillment cash flows on certain reinsurance contracts held where Lifeco has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

3 Included in the reinsurance contracts held amounts are funds withheld by Lifeco under reinsurance contracts of \$5,463 million.

NOTE 11 REINSURANCE CONTRACTS HELD (continued)

	Asset for remaining coverage		Asset for incurred claims			
				Contracts under PAA		
	Excluding loss recovery component	Loss recovery component	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
December 31, 2024						
Opening assets	15,981	90	1,002	247	12	17,332
Opening liabilities	(885)	20	218	(1)	-	(648)
Net opening balance	15,096	110	1,220	246	12	16,684
Changes in the statements of earnings and of comprehensive income						
Net expenses from reinsurance contracts	(4,457)	(10)	1,906	961	1	(1,599)
Investment components	(123)	-	123	-	-	-
Net finance income (expenses) from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(52)	(1)	36	6	1	(10)
Effect of movement in exchange rates	1,036	1	19	5	-	1,061
Total changes in the statements of earnings and of comprehensive income	(3,596)	(10)	2,084	972	2	(548)
Cash flows						
Premiums paid	3,799	-	-	-	-	3,799
Incurred claims received and other insurance service amounts received	-	-	(1,919)	(995)	-	(2,914)
Other cash flows ¹	510	-	-	-	-	510
Total cash flows	4,309	-	(1,919)	(995)	-	1,395
Other movements ²	(484)	-	-	-	-	(484)
Net closing balance ³	15,325	100	1,385	223	14	17,047
Recorded in:						
Closing assets	16,594	72	1,046	124	6	17,842
Closing liabilities	(1,269)	28	339	99	8	(795)
Net closing balance ³	15,325	100	1,385	223	14	17,047

¹ Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

² Other movements represents changes in the expected fulfillment cash flows on certain reinsurance contracts held where Lifeco has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

³ Included in the reinsurance contracts held amounts are funds withheld by Lifeco under reinsurance contracts of \$4,276 million.

NOTE 11 REINSURANCE CONTRACTS HELD (continued)

ANALYSIS BY MEASUREMENT COMPONENT FOR REINSURANCE CONTRACTS HELD NOT MEASURED UNDER PAA

December 31, 2025	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	16,644	731	344	17,719
Opening liabilities	(2,488)	1,021	728	(739)
Net opening balance	14,156	1,752	1,072	16,980
Changes in the statements of earnings and of comprehensive income				
Changes that relate to current service				
CSM recognized for services received	-	-	(125)	(125)
Change in risk adjustment for non-financial risk for risk expired	-	(175)	-	(175)
Experience adjustments	52	-	-	52
Changes that relate to future service				
Contracts initially recognized in the year	(106)	138	(22)	10
Changes in estimates that adjust the CSM	56	38	(94)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(16)	14	-	(2)
Changes that relate to past service				
Changes in amounts recoverable arising from changes in liability for incurred claims	(17)	(1)	-	(18)
Net expenses from reinsurance contracts	(31)	14	(241)	(258)
Net finance income (expenses) from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(353)	(6)	26	(333)
Effect of movement in foreign exchange rates	(404)	57	10	(337)
Total changes in the statements of earnings and of comprehensive income	(788)	65	(205)	(928)
Cash flows				
Premiums paid	2,852	-	-	2,852
Incurred claims received and other insurance service amounts received	(2,062)	-	-	(2,062)
Other cash flows ¹	(767)	-	-	(767)
Total cash flows	23	-	-	23
Other movements ²	(311)	-	-	(311)
Net closing balance	13,080	1,817	867	15,764
Recorded in:				
Closing assets	15,713	708	255	16,676
Closing liabilities	(2,633)	1,109	612	(912)
Net closing balance	13,080	1,817	867	15,764

¹ Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

² Other movements represents changes in the expected fulfillment cash flows on certain reinsurance contracts held where Lifeco has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

NOTE 11 REINSURANCE CONTRACTS HELD (continued)

December 31, 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	16,181	866	163	17,210
Opening liabilities	(2,419)	863	950	(606)
Net opening balance	13,762	1,729	1,113	16,604
Changes in the statements of earnings and of comprehensive income				
Changes that relate to current service				
CSM recognized for services received	-	-	(131)	(131)
Change in risk adjustment for non-financial risk for risk expired	-	(176)	-	(176)
Experience adjustments	43	(1)	-	42
Changes that relate to future service				
Contracts initially recognized in the year	(115)	159	(34)	10
Changes in estimates that adjust the CSM	(27)	(34)	61	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(17)	11	-	(6)
Changes that relate to past service				
Changes in amounts recoverable arising from changes in liability for incurred claims	25	-	-	25
Net expenses from reinsurance contracts	(91)	(41)	(104)	(236)
Net finance income (expenses) from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(83)	31	35	(17)
Effect of movement in foreign exchange rates	998	33	28	1,059
Total changes in the statements of earnings and of comprehensive income	824	23	(41)	806
Cash flows				
Premiums paid	1,462	-	-	1,462
Incurred claims received and other insurance service amounts received	(1,918)	-	-	(1,918)
Other cash flows ¹	510	-	-	510
Total cash flows	54	-	-	54
Other movements ²	(484)	-	-	(484)
Net closing balance	14,156	1,752	1,072	16,980
Recorded in:				
Closing assets	16,644	731	344	17,719
Closing liabilities	(2,488)	1,021	728	(739)
Net closing balance	14,156	1,752	1,072	16,980

¹ Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

² Other movements represents changes in the expected fulfillment cash flows on certain reinsurance contracts held where Lifeco has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

NOTE 11 REINSURANCE CONTRACTS HELD (continued)

CSM BY TRANSITION APPROACH

	December 31, 2025	December 31, 2024
Reinsurance contracts held under fair value approach		
CSM balance, beginning of year	1,021	1,106
Change related to current service provided		
CSM recognized for services provided	(123)	(124)
Changes that relate to future service		
Changes in estimates that adjust the CSM	2	(24)
Total changes in insurance service result	(121)	(148)
Net finance expenses from reinsurance contracts	41	63
Total change	(80)	(85)
CSM balance, end of year	941	1,021
Other reinsurance contracts held		
CSM balance, beginning of year	51	7
Change related to current service provided		
CSM recognized for services provided	(2)	(7)
Changes that relate to future service		
Contracts initially recognized in the year	(22)	(34)
Changes in estimates that adjust the CSM	(96)	85
Total changes in insurance service result	(120)	44
Net finance expenses from reinsurance contracts	(5)	-
Total change	(125)	44
CSM balance, end of year	(74)	51
Net CSM balance, end of year	867	1,072

EFFECT ON MEASUREMENT COMPONENTS OF CONTRACTS INITIALLY RECOGNIZED IN THE YEAR

	December 31, 2025	December 31, 2024
Estimates of present value of cash outflows	3,332	3,522
Estimates of present value of cash inflows	(3,226)	(3,407)
Risk adjustment for non-financial risk	(138)	(159)
Income recognized on initial recognition	10	10
CSM	22	34

Lifeco did not acquire any reinsurance contracts held through transfer or business combination.

EXPECTED REMAINING CSM RECOGNITION

	December 31, 2025	December 31, 2024
1 year or less	(107)	(122)
1-2 years	(94)	(109)
2-3 years	(82)	(97)
3-4 years	(71)	(86)
4-5 years	(60)	(76)
5-10 years	(210)	(262)
Over 10 years	(243)	(320)
	(867)	(1,072)

NOTE 12 INVESTMENT CONTRACT LIABILITIES

Change in investment contract liabilities measured at fair value is as follows:

	December 31, 2025	December 31, 2024
Balance, beginning of year	90,157	88,919
Normal change in in-force business	(1,870)	(8,469)
Investment experience	5,020	2,932
Management action and changes in assumptions	(16)	-
Impact of foreign exchange rate changes	(4,249)	6,775
Balance, end of year	89,042	90,157

All investment contract liabilities are measured at FVPL.

NOTE 13 SEGREGATED FUNDS AND OTHER STRUCTURED ENTITIES

Lifeco offers segregated fund products in Canada, the U.S. and Europe that are referred to as segregated funds, separate accounts and unit-linked funds in the respective markets. These funds are contracts issued by insurers to segregated fund policyholders where the benefit is directly linked to the performance of the investments, the risks or rewards of the fair value movements and net investment income is realized by the segregated fund policyholders. The segregated fund policyholders are required to select segregated funds that hold a range of underlying investments. While Lifeco has legal title to the investments, there is a contractual obligation to pass along the investment results to the segregated fund policyholder. These investments are segregated from those of Lifeco itself.

In Canada and the U.S., the segregated fund and separate account assets are legally separated from the general assets of Lifeco under the terms of the policyholder agreement and cannot be used to settle obligations of Lifeco. In Europe, the assets of the funds are functionally and constructively segregated from those of Lifeco. As a result of the legal and constructive arrangements of these funds, the assets of these funds are presented on the balance sheets as investments on account of segregated fund policyholders and the associated liabilities as investment contracts on account of segregated fund policyholders and insurance contracts on account of segregated fund policyholders.

In circumstances where the segregated funds are invested in structured entities and are deemed to control the entity, Lifeco has presented the non-controlling ownership interest within the segregated funds for the risk of policyholders as equal and offsetting amounts in the assets and liabilities. The amounts presented within are \$6,708 million at December 31, 2025 (\$6,082 million at December 31, 2024).

Within the statements of earnings, all segregated fund policyholders' income, including fair value changes and net investment income, is credited to the segregated fund policyholders and reflected in the assets and liabilities on account of segregated fund policyholders within the balance sheets. These revenues and expenses are presented in the statements of earnings where the contracts with the segregated fund policyholders are classified as insurance contracts.

Segregated Funds Guarantee Exposure

Lifeco offers retail segregated fund products, unitized with profits products and variable annuity products that provide for certain guarantees that are tied to the market values of the investment funds. While these products are similar to mutual funds, there is a key difference from mutual funds as the segregated funds have certain guarantee features that protect the segregated fund policyholder from market declines in the underlying investments. These guarantees are Lifeco's primary exposure on these funds. Lifeco accounts for these guarantees within insurance and investment contract liabilities in the financial statements. In addition to Lifeco's exposure on the guarantees, the fees earned by Lifeco on these products are impacted by the market value of these funds.

In Canada, Lifeco offers retail segregated fund products through Canada Life. These products provide guaranteed minimum death benefits and guaranteed minimum accumulation on maturity benefits.

In the U.S., Lifeco has a mix of open and closed blocks of group variable annuities with guaranteed minimum withdrawal benefits and a closed block of group standalone guaranteed minimum death benefits products which mainly provide return of premium on death. The guaranteed minimum withdrawal benefits portfolio has been reinsured by a third party.

NOTE 13 SEGREGATED FUNDS AND OTHER STRUCTURED ENTITIES (continued)

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

Lifeco also offers guaranteed minimum withdrawal benefits products in the U.S. and Germany, and previously offered a guaranteed minimum withdrawal benefits product in Canada and Ireland. Certain guaranteed minimum withdrawal benefits products offered by Lifeco offer levels of death and maturity guarantees. At December 31, 2025, the amount of guaranteed minimum withdrawal benefits products in force in Canada, the U.S., Ireland and Germany was \$7,084 million (\$7,538 million at December 31, 2024).

The following presents further details of the investments, determined in accordance with the relevant statutory reporting requirements of each region of Lifeco's operations, on account of segregated fund policyholders:

INVESTMENTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS

	December 31, 2025	December 31, 2024
Cash and cash equivalents	20,297	18,895
Bonds	76,080	74,444
Mortgage loans	2,142	2,083
Shares and units in unit trusts	176,933	154,439
Mutual funds	262,239	232,073
Investment properties	11,050	11,317
Accrued income	548,741	493,251
Other liabilities	986	882
Non-controlling mutual fund interest	(5,266)	(3,829)
Non-controlling mutual fund interest	6,708	6,082
Total^{1 2}	551,169	496,386

1 At December 31, 2025, \$58,675 million of investments on account of segregated fund policyholders were reinsured by Lifeco on a modified co-insurance basis (\$65,315 million at December 31, 2024). Included in this amount are \$598 million of cash and cash equivalents, \$9,666 million of bonds, \$16 million of shares and units in unit trusts, \$48,364 million of mutual funds, \$78 million of accrued income and \$47 million of other liabilities.

2 At December 31, 2025, \$2,787 million of investments on account of segregated fund policyholders on the balance sheets were expected to be transferred to Countrywide in 2026 (\$2,750 million at December 31, 2024) (Note 3). Included in this amount are \$93 million of cash and cash equivalents, \$2,718 million of shares and units in unit trusts and \$24 million of other liabilities.

INSURANCE AND INVESTMENT CONTRACTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS

	December 31, 2025	December 31, 2024
Insurance contracts on account of segregated fund policyholders	70,418	66,343
Investment contracts on account of segregated fund policyholders	480,751	430,043
	551,169	496,386

NOTE 13 SEGREGATED FUNDS AND OTHER STRUCTURED ENTITIES (continued)**INSURANCE CONTRACTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS****Effect on Measurement Components of Contracts Initially Recognized in the Year**

December 31, 2025	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	-	-	-
Claims and other insurance service expenses payable	3,613	49	3,662
Estimates of present value of cash outflows	3,613	49	3,662
Estimates of present value of cash inflows	(3,613)	(49)	(3,662)
Risk adjustment for non-financial risk	-	-	-
Total losses (gains) recognized on initial recognition	-	-	-

December 31, 2024	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	-	-	-
Claims and other insurance service expenses payable	3,938	-	3,938
Estimates of present value of cash outflows	3,938	-	3,938
Estimates of present value of cash inflows	(3,938)	-	(3,938)
Risk adjustment for non-financial risk	-	-	-
Total losses (gains) recognized on initial recognition	-	-	-

CHANGES IN INSURANCE AND INVESTMENT CONTRACTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS

	Years ended December 31,	
	2025	2024
Balance, beginning of year	496,386	422,956
Additions (deductions):		
Policyholder deposits	64,200	64,353
Net investment income	10,363	9,653
Net realized capital gains on investments	22,559	13,113
Net unrealized capital gains on investments	19,433	30,777
Unrealized gains (losses) due to changes in foreign exchange rates	(153)	21,161
Policyholder withdrawals	(62,276)	(65,662)
Change in segregated fund investment in general fund	18	5
Change in general fund investment in segregated fund	(1)	1
Net transfer from general fund	14	17
Non-controlling mutual fund interest	626	12
	54,783	73,430
Balance, end of year	551,169	496,386

INVESTMENTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS

(by fair value hierarchy level)

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders ¹	402,281	139,230	14,013	555,524

¹ Excludes other liabilities, net of other assets, of \$4,355 million.

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders ¹	348,889	136,947	13,354	499,190

¹ Excludes other liabilities, net of other assets, of \$2,804 million.

NOTE 13 SEGREGATED FUNDS AND OTHER STRUCTURED ENTITIES (continued)

In 2025, certain foreign equity holdings valued at \$2,779 million were transferred from Level 1 to Level 2 (\$1,624 million were transferred from Level 1 to Level 2 at December 31, 2024), primarily based on Lifeco's change in use of inputs in addition to quoted prices in active markets for certain foreign equity holdings. Level 2 assets include the assets where fair value is not available from normal market pricing sources, where inputs are utilized in addition to quoted prices in active markets and where Lifeco does not have access to the underlying asset details within an investment fund.

As at December 31, 2025, \$6,315 million (\$4,061 million at December 31, 2024) of the segregated funds were invested in funds managed by IG Wealth Management and Mackenzie Investments, subsidiaries of IGM and related parties.

The following presents additional information about Lifeco's investments on account of segregated fund policyholders for which Lifeco has utilized Level 3 inputs to determine fair value:

	December 31, 2025	December 31, 2024
Balance, beginning of year	13,354	13,792
Total losses included in segregated fund investment income	(450)	(758)
Purchases	2,067	1,130
Sales	(1,066)	(872)
Transfers into Level 3	135	97
Transfers out of Level 3	(27)	(35)
Balance, end of year	14,013	13,354

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

OTHER STRUCTURED ENTITIES

In addition to the segregated funds, Lifeco has interests in a number of structured unconsolidated entities including mutual funds, open-ended investment companies, and unit trusts. These entities are created as investment strategies for its unit holders based on the directive of each individual fund.

Some of these funds are sub-advised by related parties of Lifeco, which are paid sub-advisory fees at normal market rates for their services.

Lifeco earns management fees related to managing the segregated fund products. Management fees can be variable due to the performance of factors, such as markets or industries, in which the fund invests. Fee income derived in connection with the management of investment funds generally increases or decreases in direct relationship with changes of assets under management, which is affected by prevailing market conditions, and the inflow and outflow of client assets.

Factors that could cause assets under management and fees to decrease include declines in equity markets, changes in fixed income markets, changes in interest rates and defaults, redemptions and other withdrawals, political and other economic risks, changing investment trends and relative investment performance. The risk is that fees may vary but expenses and recovery of initial expenses are relatively fixed, and market conditions may cause a shift in asset mix potentially resulting in a change in revenue.

Fee income earned by Lifeco resulting from Lifeco's interests in segregated funds and other structured entities was \$5,115 million for the year ended December 31, 2025 (\$4,820 million in 2024).

Included within other assets (Note 8) at December 31, 2025 is \$3,832 million (\$3,540 million at December 31, 2024) of investments by Lifeco in bonds and shares of consolidated Empower CLOs and other sponsored funds and \$163 million (\$161 million at December 31, 2024) of investments in shares of sponsored unit trusts in Europe.

NOTE 14 OBLIGATIONS TO SECURITIZATION ENTITIES

IGM securitizes residential mortgages through the Canada Mortgage and Housing Corporation (CMHC)-sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) Program and Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. These transactions do not meet the requirements for derecognition as IGM retains prepayment risk and certain elements of credit risk. Accordingly, IGM has retained these mortgages on its balance sheets and has recorded offsetting liabilities for the net proceeds received as obligations to securitization entities which are recorded at amortized cost.

IGM earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, IGM enters into a swap transaction whereby IGM pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal, and the hedging swap used to manage exposure to changes in variable rate investment returns, are recorded as derivatives with a negative fair value of \$4.7 million at December 31, 2025 (negative fair value of \$7.9 million in 2024).

All mortgages securitized under the NHA MBS and CMB Programs are insured by CMHC or another approved insurer under the program. As part of the ABCP transactions, IGM has provided cash reserves for credit enhancement which are recorded at cost. Credit risk is limited to these cash reserves and future net interest income as the ABCP trusts have no recourse to IGM's other assets for failure to make payments when due.

	December 31, 2025			December 31, 2024		
	Securitized mortgages	Obligation to securitization entities	Net	Securitized mortgages	Obligation to securitization entities	Net
Carrying value						
NHA MBS and CMB Programs	2,580	2,597	(17)	2,495	2,476	19
Bank-sponsored ABCP	2,180	2,218	(38)	2,551	2,549	2
Total	4,760	4,815	(55)	5,046	5,025	21
Fair value	4,890	4,916	(26)	5,078	5,098	(20)

The carrying value of obligations to securitization entities, which is recorded net of issue costs, includes principal payments received on securitized mortgages that are not due to be settled until after the reporting period. Issue costs are amortized over the life of the obligation using an effective interest rate method.

NOTE 15 POWER CORPORATION'S DEBENTURES AND OTHER DEBT INSTRUMENTS

	December 31, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
POWER CORPORATION				
Debentures - unsecured				
8.57% debentures due April 22, 2039	150	203	150	209
4.81% debentures due January 31, 2047	249	246	249	253
4.455% debentures due July 27, 2048	248	233	248	241
Total Power Corporation	647	682	647	703

There are no principal repayments on debentures in each of the next five years.

The Corporation has a line of credit of \$500 million bearing interest at Adjusted Term SOFR plus 0.70%. At December 31, 2025 and 2024, the Corporation was not using its line of credit.

NOTE 16 NON-RECOURSE DEBENTURES AND OTHER DEBT INSTRUMENTS**A) POWER FINANCIAL, LIFECO AND IGM**

The following table presents the debentures and other debt instruments issued by Power Financial, Lifeco and IGM. The debentures of Power Financial are direct obligations of Power Financial and are non-recourse to the Corporation. All debentures and other debt instruments of Lifeco and its subsidiaries are direct obligations of Lifeco or its subsidiaries, as applicable, and are non-recourse to the Corporation. All of the debentures of IGM are direct obligations of IGM and are non-recourse to the Corporation.

	December 31, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
POWER FINANCIAL				
Debentures - unsecured				
6.90% debentures due March 11, 2033	250	289	250	289
Total Power Financial	250	289	250	289
LIFECO				
Debentures and Senior Bonds - unsecured				
1.75% senior bonds due December 7, 2026 (€500 million) ¹	805	796	743	731
3.337% debentures due February 28, 2028	499	503	499	498
6.40% subordinated debentures due December 11, 2028	100	109	100	110
4.70% senior bonds due November 16, 2029 (€500 million) ¹	802	855	742	806
2.379% debentures due May 14, 2030	598	581	598	563
6.74% debentures due November 24, 2031	197	230	197	231
6.67% debentures due March 21, 2033	397	465	396	467
5.998% debentures due November 16, 2039	343	385	343	396
2.981% debentures due July 8, 2050	494	363	494	378
7.529% capital trust debentures due June 30, 2052 (face value of \$150 million)	154	177	155	179
	4,389	4,464	4,267	4,359
Other Debt Instruments - unsecured				
Commercial paper and other short-term debt instruments with interest rates of 3.921% to 4.204% (4.930% at December 31, 2024)	273	273	144	144
0.904% senior notes due August 12, 2025 (US\$500 million)	-	-	719	703
1.357% senior notes due September 17, 2027 (US\$400 million)	547	525	575	523
4.047% senior notes due May 17, 2028 (US\$300 million)	411	411	431	417
4.51% mortgage on investment property due January 1, 2029 (US\$39 million)	51	51	54	54
1.776% senior notes due March 17, 2031 (US\$400 million)	546	488	574	471
4.15% senior notes due June 3, 2047 (US\$700 million)	946	777	993	797
4.581% senior notes due May 17, 2048 (US\$500 million)	679	591	714	603
3.075% senior notes due September 17, 2051 (US\$700 million)	950	618	998	633
	4,403	3,734	5,202	4,345
Total Lifeco	8,792	8,198	9,469	8,704
IGM FINANCIAL				
Debentures - unsecured				
3.44% debentures due January 26, 2027	400	402	400	400
6.65% debentures due December 13, 2027	125	133	125	135
7.45% debentures due May 9, 2031	150	174	150	174
7.00% debentures due December 31, 2032	175	205	175	203
7.11% debentures due March 7, 2033	150	177	150	175
6.00% debentures due December 10, 2040	200	223	200	228
4.56% debentures due January 25, 2047	200	189	200	195
4.115% debentures due December 9, 2047	250	221	250	229
4.174% debentures due July 13, 2048	200	178	200	184
4.206% debentures due March 21, 2050	250	222	250	231
5.426% debentures due May 26, 2053	300	318	300	332
Debentures of IGM held by Lifeco as investments	(88)	(89)	(88)	(90)
Total IGM	2,312	2,353	2,312	2,396
Total Power Financial, Lifeco and IGM	11,354	10,840	12,031	11,389

¹ Designated by Lifeco as hedges of the net investment in foreign operations.

NOTE 16 NON-RECOURSE DEBENTURES AND OTHER DEBT INSTRUMENTS (continued)**LIFECO**

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

Capital Trust Debentures

Canada Life Capital Trust (CLCT), a trust established by Canada Life, had issued \$150 million of Canada Life Capital Securities - Series B (CLiCS - Series B), the proceeds of which were used by CLCT to purchase Canada Life senior debentures in the amount of \$150 million.

Distributions and interest on the capital trust debentures are classified as financing charges in the statements of earnings (Note 26). The fair value for capital trust securities is determined by the bid-ask price.

Subject to regulatory approval, CLCT may redeem the CLiCS - Series B, in whole or in part, at any time.

CHANGES IN DEBENTURES AND OTHER DEBT INSTRUMENTS - POWER FINANCIAL, LIFECO AND IGM

The table below details changes in the debentures and other debt instruments arising from financing activities, including both cash and non-cash changes.

	December 31, 2025	December 31, 2024
Balance, beginning of the year	12,031	11,608
Increase in other debt instruments	138	54
Repayment of senior notes	(689)	-
Decrease in other debt instruments	-	(60)
Changes in foreign exchange rates and other	(126)	429
Balance, end of year	11,354	12,031

The principal repayments on debentures and other debt instruments in each of the next five years and thereafter are as follows:

2026	1,078
2027	1,040
2028	1,011
2029	857
2030	600
Thereafter	6,815

NOTE 16 NON-RECOURSE DEBENTURES AND OTHER DEBT INSTRUMENTS (continued)

B) ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER - PROJECT AND OTHER DEBT

The following table presents the other debt instruments held by alternative asset investment platforms and other subsidiaries. All other debt instruments are credit or loan facilities that are direct obligations, and secured by the assets, of subsidiaries of the Corporation and are non-recourse to the Corporation.

	December 31, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
OTHER DEBT INSTRUMENTS				
Investment Funds and Other - secured				
Revolving credit facility up to \$420 million, with interest equal to CORRA plus 2.75%, prime rate plus 1.75%, U.S. base rate plus 1.75% or SOFR plus 2.75% (\$21 million and US\$136 million) (\$17 million and US\$179 million at December 31, 2024)	207	207	274	274
Revolving credit facility up to \$300 million, with interest equal to CORRA plus 0.9%	100	100	-	-
Revolving credit facility up to US\$90 million, with interest equal to SOFR plus 1.8% (US\$58 million at December 31, 2024)	-	-	83	83
Revolving credit facility up to US\$75 million, with interest equal to the U.S. base rate minus 0.35% (US\$14 million) (US\$11 million at December 31, 2024)	19	19	16	16
Revolving credit facility up to US\$68 million, with interest equal to SOFR plus 2.0% (US\$5 million) (US\$5 million at December 31, 2024)	7	7	7	7
Revolving credit facility up to US\$62 million, bearing interest at various rates from SOFR plus 1.75% to 2.65% (US\$62 million) (US\$26 million at December 31, 2024)	85	85	37	37
Revolving credit facility up to US\$53 million, with interest equal to SOFR plus 1.6% (US\$3 million)	4	4	-	-
Revolving credit facility up to US\$50 million, with interest equal to SOFR plus 1.85% (US\$9 million)	12	12	-	-
Revolving credit facility up to US\$49 million, with interest equal to SOFR plus 2.0% (US\$38 million) (US\$49 million at December 31, 2024)	52	52	71	71
Mezzanine loan due in February 2029, with interest equal to 15.0% (€10 million)	15	15	-	-
Mortgages on investment properties, due from August 2028 to August 2030, bearing interest at various rates from 3.0% to 5.34% and SOFR plus 2.75% (US\$63 million) (US\$29 million at December 31, 2024)	86	86	43	43
Senior loan facility due in May 2028, with interest equal to SOFR plus 4.75% (US\$19 million)	26	26	-	-
	613	613	531	531
Renewable Energy - Project debt - secured				
Construction loan facilities due from January 2026 to June 2026, bearing interest at various rates equal to SOFR plus 2.25% to 3.375%, U.S. base rate plus 1.25% and CORRA plus 2.75% (\$39 million and US\$478 million) (US\$420 million at December 31, 2024)	695	696	604	604
Loan facilities due from December 2030 to December 2037, bearing interest at various rates from 4.23% to 6.0% and CORRA plus 1.625%	448	435	496	479
Loan facilities due from May 2027 to December 2059, bearing interest at various rates from 3.62% to 6.93% and prime rate plus 1.5% (\$1,039 million and US\$148 million) (\$1,105 million and US\$160 million at December 31, 2024)	1,242	1,220	1,335	1,341
Loan facilities due from June 2026 to December 2055, bearing interest at various rates from 2.73% to 6.89%, SOFR plus 2.0% and SOFR plus 2.25% (US\$598 million) (US\$395 million at December 31, 2024)	818	801	568	568
Mezzanine loans due from January 2035 to June 2035, bearing interest at various rates from 7.36% to 7.5%	84	81	88	84
	3,287	3,233	3,091	3,076
Standalone Business - secured				
Revolving credit facility and term loan facilities due in April 2026 bearing interest at various rates equal to prime rate or U.S. base rate plus 4.0% and CORRA or SOFR plus 5.0% ¹	169	169	186	186
Subordinated term facility of \$65 million, bearing interest at 13.5%, principal and accrued interest payable at maturity in October 2026	77	77	70	70
	246	246	256	256
Total alternative asset investment platforms and other	4,146	4,092	3,878	3,863

¹ The revolving credit and term loan facilities are subject to certain financial covenants including a minimum cumulative EBITDA covenant. At December 31, 2025, this covenant was not in compliance; however, the lenders have provided a tolerance letter valid until April 30, 2026.

NOTE 16 NON-RECOURSE DEBENTURES AND OTHER DEBT INSTRUMENTS (continued)**CHANGES IN OTHER DEBT INSTRUMENTS - ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER**

The table below details changes in the other debt instruments arising from financing activities, including both cash and non-cash changes.

	December 31, 2025	December 31, 2024
Balance, beginning of the year	3,878	3,017
Acquisitions	46	23
Increase in other debt instruments	1,162	1,183
Decrease in other debt instruments	(861)	(462)
Changes in foreign exchange rates and other	(79)	117
Balance, end of year	4,146	3,878

The principal repayments on other debt instruments in each of the next five years and thereafter are as follows:

2026 ¹	1,316
2027	293
2028	149
2029	348
2030	243
Thereafter	1,891

¹ Includes revolving credit facilities of \$532 million.

NOTE 17 OTHER LIABILITIES

	December 31, 2025	December 31, ¹ 2024
Accounts payable	5,251	4,615
Securities loaned	3,733	1,339
Bank overdraft	375	379
Dividends and interest payable	575	538
Income taxes payable	533	345
Deferred income reserves	284	264
Pension and other post-employment benefits [Note 27]	866	893
Lease liabilities	806	836
Collateralized loan obligation liabilities	3,904	3,791
Limited-life and redeemable fund units	4,128	2,928
Other	6,844	6,805
	27,299	22,733

1 Comparative figures have been reclassified to confirm with the current year's presentation.

Other liabilities of \$15,886 million as at December 31, 2025 (\$12,926 million as at December 31, 2024) are expected to be settled within 12 months.

LEASE LIABILITIES

The changes in the lease liabilities are as follows:

	December 31, 2025	December 31, 2024
Lease liabilities, beginning of year	836	740
Additions	86	168
Modifications	(3)	(9)
Lease payments	(132)	(126)
Interest	36	35
Change in foreign exchange rates and other	(17)	28
Lease liabilities, end of year	806	836

The table below presents the contractual undiscounted cash flows for lease obligations in each of the next five years and thereafter:

2026	121
2027	114
2028	102
2029	91
2030	87
Thereafter	553
Total undiscounted lease liabilities at December 31, 2025	1,068

NOTE 18 INCOME TAXES**INCOME TAXES**

The components of the income tax expense recognized in the statements of earnings are:

	Years ended December 31,	
	2025	2024
Current taxes		
Current year	972	1,121
Previously unrecognized tax losses, tax credits or temporary differences used in the year	(5)	(65)
Global minimum tax	150	113
	1,117	1,169
Deferred taxes		
Origination and reversal of temporary differences	(225)	(139)
Recognition of previously unrecognized tax losses, tax credits or temporary differences	(14)	(101)
	(239)	(240)
	878	929

The following table shows current and deferred taxes relating to items not recognized in the statements of earnings:

	Years ended December 31,			
	2025		2024	
	Other comprehensive income	Equity	Other comprehensive income	Equity
Current tax expense (recovery)	17	25	(12)	-
Deferred tax expense	66	9	98	-
	83	34	86	-

EFFECTIVE INCOME TAX RATE

The Corporation's effective income tax rate is derived as follows:

	Years ended December 31,	
	2025	2024
	%	%
Combined statutory Canadian federal and provincial tax rates	26.5	26.5
Increase (decrease) in the income tax rate resulting from:		
Non-taxable investment income	(5.7)	(6.5)
Different tax rates applicable in local and foreign jurisdictions	(7.8)	(6.5)
Global minimum tax	2.8	2.0
Non-deductible impairment charge of goodwill	-	1.8
Share of earnings of investments in jointly controlled corporations and associates	(1.7)	(1.2)
Other	2.5	0.7
Effective income tax rate	16.6	16.8

NOTE 18 INCOME TAXES (continued)

DEFERRED TAXES

Composition and changes in net deferred taxes are as follows:

	Insurance and investment contract liabilities	Investments and investments in associates	Loss carry forwards	Intangible assets	Tax credits and other	Total
For the year ended December 31, 2025						
Balance, beginning of year	(2,620)	2,373	1,624	(826)	377	928
Recognized in						
Statements of earnings	782	(716)	156	14	3	239
Statements of comprehensive income	-	(19)	2	-	(49)	(66)
Statements of changes in equity	-	-	(2)	-	(7)	(9)
Business acquisitions	-	-	-	(35)	(2)	(37)
Foreign exchange rate changes and other	197	(83)	(64)	39	(157)	(68)
Balance, end of year	(1,641)	1,555	1,716	(808)	165	987

	Insurance and investment contract liabilities	Investments and investments in associates	Loss carry forwards	Intangible assets	Tax credits and other	Total
For the year ended December 31, 2024						
Balance, beginning of year	(2,727)	2,400	1,648	(1,156)	513	678
Recognized in						
Statements of earnings	358	(188)	(121)	361	(170)	240
Statements of comprehensive income	-	(9)	-	-	(89)	(98)
Foreign exchange rate changes and other	(251)	170	97	(31)	123	108
Balance, end of year	(2,620)	2,373	1,624	(826)	377	928

	December 31, 2025	December 31, 2024
Presented on the balance sheets as follows:		
Deferred tax assets	2,408	2,181
Deferred tax liabilities	(1,421)	(1,253)
	987	928

Management of the Corporation and of its subsidiaries assess the recoverability of the deferred tax asset carrying values based on future years' taxable income projections and believes the carrying values of the deferred tax assets as of December 31, 2025 are recoverable.

As at December 31, 2025, the Corporation and its subsidiaries have non-capital losses of \$1,987 million (\$1,813 million in 2024) available to reduce future taxable income for which the benefits have not been recognized. Of this amount, \$1,860 million expire from 2026 to 2045, while \$127 million have no expiry date. In addition, the Corporation and its subsidiaries have capital loss carry forwards of \$723 million (\$843 million in 2024) to offset future capital gains for which the benefits have not been recognized. Of this amount, \$163 million expire from 2028 to 2031 and \$560 million can be used indefinitely.

As at December 31, 2025, the Corporation and its subsidiaries have deductible temporary differences of \$1,060 million (\$1,077 million in 2024) for which the benefits have not been recognized. As at December 31, 2025 and 2024, no deferred tax liability was recognized in respect to temporary differences associated with investments in subsidiaries and jointly controlled corporations as the Corporation and its subsidiaries are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTE 19 SHARE CAPITAL**AUTHORIZED**

The authorized capital of Power Corporation consists of an unlimited number of First Preferred Shares, issuable in series; an unlimited number of Participating Preferred Shares; and an unlimited number of Subordinate Voting Shares.

ISSUED AND OUTSTANDING

	December 31, 2025		December 31, 2024	
	Number of shares	Share capital	Number of shares	Share capital
		\$		\$
Non-Participating Shares				
First Preferred Shares				
Non-cumulative Redeemable, fixed rate				
Series A	6,000,000	150	6,000,000	150
Series B	8,000,000	200	8,000,000	200
Series C	6,000,000	150	6,000,000	150
Series D	10,000,000	250	10,000,000	250
Series G	8,000,000	200	8,000,000	200
Series H	8,000,000	200	-	-
Series I	8,000,000	200	-	-
Total Non-Participating Shares		1,350		950
Participating Shares				
Participating Preferred Shares	54,860,866	233	54,860,866	233
Subordinate Voting Shares				
Balance, beginning of year	589,948,328	9,003	597,387,873	9,051
Issued under Stock Option Plan	3,305,264	113	3,165,255	113
Purchased for cancellation under Normal Course Issuer Bid	(12,381,500)	(190)	(10,604,800)	(161)
Balance, end of year	580,872,092	8,926	589,948,328	9,003
Total Participating Shares		9,159		9,236

Non-Participating Shares

On September 22, 2025, the Corporation issued 8,000,000 5.75% Non-Cumulative First Preferred Shares, Series H (Series H shares) at \$25.00 per share, for gross proceeds of \$200 million. The holders of the Series H shares are entitled to receive fixed non-cumulative preferential cash dividends at a rate equal to \$1.4375 per share per annum. On and after October 15, 2030, the Corporation may redeem for cash the Series H shares in whole or in part, at the Corporation's option, at \$26.00 per share if redeemed prior to October 15, 2031, \$25.75 per share if redeemed thereafter and prior to October 15, 2032, \$25.50 per share if redeemed thereafter and prior to October 15, 2033, \$25.25 per share if redeemed thereafter and prior to October 15, 2034 and \$25.00 per share if redeemed thereafter, in each case together with all declared and unpaid dividends to, but excluding, the date of redemption. Share issue costs in connection with the Series H shares of \$5 million were charged to retained earnings.

On November 20, 2025, the Corporation issued 8,000,000 5.65% Non-Cumulative First Preferred Shares, Series I (Series I shares) at \$25.00 per share, for gross proceeds of \$200 million. The holders of the Series I shares are entitled to receive fixed non-cumulative preferential cash dividends at a rate equal to \$1.4125 per share per annum. On and after January 15, 2031, the Corporation may redeem for cash the Series I shares in whole or in part, at the Corporation's option, at \$26.00 per share if redeemed prior to January 15, 2032, \$25.75 per share if redeemed thereafter and prior to January 15, 2033, \$25.50 per share if redeemed thereafter and prior to January 15, 2034, \$25.25 per share if redeemed thereafter and prior to January 15, 2035 and \$25.00 per share if redeemed thereafter, in each case together with all declared and unpaid dividends to, but excluding, the date of redemption. Share issue costs in connection with the Series I shares of \$6 million were charged to retained earnings.

NOTE 19 SHARE CAPITAL (continued)

The following First Preferred Shares series are entitled to fixed non-cumulative preferential cash dividends payable quarterly. The Corporation may redeem for cash the First Preferred Shares in whole or in part, at the Corporation's option, with all declared and unpaid dividends to, but excluding, the date of redemption. The dividends and redemption terms are as follows:

First Preferred Shares	Cash dividends payable quarterly	Earliest issuer redemption date	Redemption price
	(\$/share)		(\$/share)
Non-cumulative, fixed rate			
Series A, 5.60%	0.350000	Currently redeemable	25.00
Series B, 5.35%	0.334375	Currently redeemable	25.00
Series C, 5.80%	0.362500	Currently redeemable	25.00
Series D, 5.00%	0.312500	Currently redeemable	25.00
Series G, 5.60%	0.350000	Currently redeemable	25.00
Series H, 5.75%	0.359375	October 15, 2030	26.00
Series I, 5.65%	0.353125	January 15, 2031	26.00

Participating Shares

Participating Preferred Shares are entitled to ten votes per share; and, subject to the rights of holders of the First Preferred Shares, to a non-cumulative dividend of 0.938¢ per share per annum before dividends on the Subordinate Voting Shares and have the further right to participate, share and share alike, with the holders of the Subordinate Voting Shares in any dividends that may be paid with respect to the Subordinate Voting Shares.

Subordinate Voting Shares are entitled to one vote per share. In 2025, 3,305,264 Subordinate Voting Shares (3,165,255 in 2024) were issued under the Corporation's Executive Stock Option Plan for a consideration of \$104 million (\$103 million in 2024).

Dividends declared on the Corporation's participating shares in 2025 were \$2.45 per share (\$2.25 per share in 2024).

Normal Course Issuer Bids

On March 1, 2024, the Corporation commenced a Normal Course Issuer Bid (NCIB) which was effective until February 28, 2025. On March 1, 2025, the Corporation commenced a new NCIB which was effective until February 28, 2026. Pursuant to this NCIB, the Corporation was able to purchase up to 20 million of its Subordinate Voting Shares outstanding (representing approximately 3.7% of the public float of Subordinate Voting Shares outstanding as at February 18, 2025) at market prices.

In connection with its NCIB, the Corporation has entered into an automatic share purchase plan (ASPP) and may provide parameters thereunder from time to time to allow a designated broker to purchase Subordinate Voting Shares under the NCIB at times when the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. Outside of these predetermined trading blackout periods, purchases under the Corporation's NCIB will be completed at management's discretion.

During the year ended December 31, 2025, the Corporation purchased and cancelled 12,381,500 Subordinate Voting Shares pursuant to this NCIB for a total of \$711 million (10,604,800 Subordinate Voting Shares for a total of \$430 million during the year ended December 31, 2024).

The Corporation's share capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value of share capital was \$521 million and was recognized as a reduction to retained earnings (\$269 million in 2024).

Subsequent event

On March 1, 2026, the Corporation commenced a new NCIB which is effective until the earlier of February 28, 2027 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Pursuant to this bid, the Corporation may purchase up to 20 million of its Subordinate Voting Shares outstanding (representing approximately 3.8% of the public float of Subordinate Voting Shares outstanding at February 16, 2026) at market prices. At March 18, 2026, the Corporation has repurchased 3,036,300 Subordinate Voting Shares for a total of \$206 million under the NCIB programs.

NOTE 20 SHARE-BASED COMPENSATION**STOCK OPTION PLAN**

There are 19,128,615 Subordinate Voting Shares and 3,126,726 Subordinate Voting Shares reserved for issuance under Power Corporation's Executive Stock Option Plan and under Power Financial's Employee Stock Option Plan, assumed by Power Corporation (Stock Option Plans). The plans require that the exercise price of the option must not be less than the market value of a share on the date of the grant of the option.

A summary of the status of the Corporation's Stock Option Plans, including tandem share appreciation rights (TSAR or TSARs), as at December 31, 2025 and 2024, and changes during the respective years ended is as follows:

	2025		2024	
	Options	Weighted-average exercise price	Options	Weighted-average exercise price
		\$		\$
Outstanding, beginning of year	18,804,983	32.77	23,532,731	32.41
Granted	1,158,924	50.37	1,292,486	38.09
Exercised or surrendered for cash	(5,897,687)	31.74	(6,020,234)	32.50
Outstanding, end of year	14,066,220	34.66	18,804,983	32.77
Options exercisable, end of year	9,999,844	32.28	14,211,753	31.75

The following table summarizes information about stock options, including TSARs, outstanding at December 31, 2025:

Range of exercise prices	Expiry date	Options outstanding			Options exercisable	
		Options	Weighted-average remaining life	Weighted-average exercise price	Options	Weighted-average exercise price
\$			(yrs)	\$		\$
29.31	2026	81,064	0.2	29.31	81,064	29.31
31.48 – 33.68	2027	1,496,878	1.2	32.61	1,496,878	32.61
28.51 – 34.54	2028	2,390,941	2.3	29.65	2,372,953	29.62
31.12 – 31.84	2029	2,339,554	3.3	31.46	2,339,554	31.46
34.23	2030	2,755,103	4.1	34.23	2,755,103	34.23
33.30 – 42.45	2031	645,037	5.2	33.48	645,037	33.48
38.34	2032	642,048	6.2	38.34	309,255	38.34
34.54	2033	1,264,185	7.2	34.54	-	-
38.09	2034	1,292,486	8.2	38.09	-	-
50.37	2035	1,158,924	9.2	50.37	-	-
		14,066,220	4.6	34.66	9,999,844	32.28

NOTE 20 SHARE-BASED COMPENSATION (continued)**TANDEM SHARE APPRECIATION RIGHTS**

The Corporation's Stock Option Plans provide for the granting of TSARs in connection with options granted thereunder, at or after the time of grant of such options. A TSAR entitles the optionee to surrender to the Corporation, unexercised, the right to subscribe for a Subordinate Voting Share pursuant to the related option and to receive cash from the Corporation in an amount equal to the excess of the market value of a Subordinate Voting Share over the subscription price under the related option.

A summary of the status of the Corporation's options with TSARs attached, as at December 31, 2025 and 2024, and changes during the respective years ended is as follows:

	2025			2024		
	TSARs	Weighted-average exercise price	Fair value of liability	TSARs	Weighted-average exercise price	Fair value of liability
		\$	\$		\$	\$
Outstanding, beginning of year	7,751,627	31.40	84	10,606,606	31.71	67
Surrendered for cash	(2,592,423)	32.23	(58)	(2,854,979)	32.54	(27)
Change in fair value			158			44
Outstanding, end of year	5,159,204	30.98	184	7,751,627	31.40	84
TSARs exercisable, end of year	5,159,204	30.98		7,751,627	31.40	

The fair value of the outstanding cash-settled liability was \$184 million at December 31, 2025 (\$84 million at December 31, 2024) and is recorded in other liabilities. The intrinsic value of this liability at December 31, 2025 was \$217 million (\$104 million at December 31, 2024).

The fair value of the TSARs was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	December 31, 2025	December 31, 2024
Dividend yield	5.2%	5.6%
Expected volatility	17.4% - 18.5%	17.9% - 19.8%
Risk-free interest rate	2.7% - 2.9%	3.0% - 3.5%
Expected remaining life (years)	1.2 - 3.3	0.1 - 4.3
Share price (\$/share)	72.95	44.84
Weighted-average exercise price (\$/option)	30.98	31.40
Weighted-average fair value (\$/option)	35.59	10.82

The Corporation entered into total return swap agreements to manage exposure to the volatility of its cash-settled share-based payments and related liability. For the year ended December 31, 2025, a net gain of \$10 million (a net gain of \$1 million in 2024) arising from the change in fair value of the liability, net of the gain on the remeasurement to fair value of the derivative instruments, was included in operating and administrative expenses in the statements of earnings.

NOTE 20 SHARE-BASED COMPENSATION (continued)**COMPENSATION EXPENSE**

During the year ended December 31, 2025, Power Corporation granted 1,158,924 options (1,292,486 options in 2024) under its Executive Stock Option Plan. Generally, the options vest on the basis of [i] the first 50%, three years from the date of the grant and [ii] the remaining 50% four years from the date of the grant.

The fair value of the options granted was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	December 31, 2025	December 31, 2024
Dividend yield	5.7%	5.5%
Expected volatility	18.3%	18.6%
Risk-free interest rate	3.1%	3.4%
Expected life (years)	9.1	9.2
Fair value (\$/option)	4.00	3.53
Weighted-average exercise price (\$/option)	50.37	38.09

The expected volatility has been estimated based on the historical volatility of the Corporation's share price using the expected option life.

Lifeco, IGM and Wealthsimple have also established stock option plans pursuant to which options may be granted to certain officers and employees. In addition, other subsidiaries of the Corporation have established share-based compensation plans. Compensation expense related to equity-settled stock option plans is recorded based on the fair value of the options or the fair value of the equity instruments at the grant date, amortized over the vesting period. Total compensation expense relating to the equity-settled stock options granted by the Corporation and its subsidiaries amounted to \$79 million in 2025 (\$61 million in 2024) and was recorded in operating and administrative expenses in the statements of earnings.

PERFORMANCE RESTRICTED SHARE UNITS

In 2025, the Corporation established a Performance Restricted Share Unit (PRSU) Plan for selected employees and officers (participants) to promote long-term share ownership, align participants and shareholders' interests and enhance the Corporation's ability to attract and retain key talent. A maximum of 8,000,000 aggregate Subordinate Voting Shares may be issued pursuant to the grants made under the PRSU Plan of which 7,679,293 are reserved for issuance at December 31, 2025. The value of each PRSU is based on the share price of the Corporation's Subordinate Voting Shares. Additional PRSUs are issued in respect to dividends payable on the Subordinate Voting Shares based on the value of the PRSUs at the dividend payment date. Under the terms of the Plan, PRSUs are subject to time and performance vesting conditions. Grants under the PRSU Plan will generally vest over three years from the grant date and expire 10 years from the date of the grant. A vested PRSU may be settled, based on the election of the participant, in (i) equity: the issuance of one Subordinate Voting Share for each PRSU then being settled, or (ii) cash: a cash payment equal to the fair market value on the redemption date of the PRSU. It is anticipated that grants under the PRSU Plan would be made in lieu of an equivalent grant-date fair value of Performance Share Units (PSUs) and/or Performance Deferred Share Units (PDSUs) and, in most cases, entirely replace grants of PSUs and PDSUs.

Restricted Share Units

During the year ended December 31, 2024, the Corporation granted 294,039 Restricted Share Units (RSUs) to an executive to assist in retention and further alignment of its interests with those of the shareholders. The fair value of the RSUs granted was measured based on the market value of the Corporation's Subordinate Voting Shares at the grant date and vest on the basis of [i] 25% two years from the date of grant; [ii] 50% three years from the date of grant; and [iii] 25% four years from the date of grant. Additional RSUs are issued in respect to dividends payable on the Subordinate Voting Shares at the dividend payment date.

On November 14, 2025, the Corporation exchanged all outstanding RSUs for an equivalent number of PRSUs. These PRSUs are not subject to performance vesting conditions and may be settled, based on the election of the participant, in either equity or cash. The original vesting conditions remain the same, and PRSUs expire 10 years from the initial RSUs grant date. The Corporation reclassified 320,707 units as cash-settled share-based payments and recognized a liability for the corresponding vested units, which is measured at fair value at each reporting period. The reclassification as cash-settled share-based payments resulted in a decrease to retained earnings and to the share-based compensation reserve of \$6 million and \$7 million, respectively.

At December 31, 2025, the carrying value of the PRSU liability was \$15 million and is recorded within other liabilities.

NOTE 20 SHARE-BASED COMPENSATION (continued)**PERFORMANCE SHARE UNIT PLAN**

Power Corporation established a Performance Share Unit (PSU) Plan for selected employees and officers (participants) to assist in retaining and further aligning the interests of participants with those of the shareholders. Under the terms of the Plan, PSUs may be awarded annually and are subject to time and performance vesting conditions. The value of each PSU is based on the share price of the Corporation's Subordinate Voting Shares. The PSUs are cash settled and vest over a three-year period. Participants can elect at the time of grant to receive a portion of their PSUs in the form of performance deferred share units (PDSUs) which also vest over a three-year period. PDSUs are redeemable when a participant is no longer an employee of the Corporation or any of its affiliates, or in the event of the death of the participant, by a lump-sum cash payment based on the value of the PDSU at that time. Additional PSUs and PDSUs are issued in respect of dividends payable on the Subordinate Voting Shares based on the value of the PSU or PDSU at the dividend payment date. At December 31, 2025, the carrying value of the PSU liability was \$122 million (\$67 million at December 31, 2024) and is recorded within other liabilities.

DEFERRED SHARE UNIT PLAN

Power Corporation established a Deferred Share Unit (DSU) Plan for its Directors to promote a greater alignment of interests between Directors and shareholders of the Corporation. Under this Plan, Directors participating in the Plan will receive half of their annual retainer in the form of DSUs and may elect to receive the remainder of their annual retainer entirely in the form of DSUs, entirely in cash, or equally in cash and DSUs. The number of DSUs granted is determined by dividing the amount of remuneration payable by the simple average of the volume weighted-average trading price on the Toronto Stock Exchange of the Subordinate Voting Shares of the Corporation during each of the last three trading days immediately preceding the granting of such DSUs. A Director will receive additional DSUs in respect of dividends payable on the Subordinate Voting Shares, based on the value of the DSU at the dividend payment date. A DSU is payable, at the time a Director's membership on the Board is terminated (provided the Director is not then a director, officer or employee of an affiliate of the Corporation), or in the event of the death of a Director, by a lump-sum cash payment, based on the value of the DSU at that time. At December 31, 2025, the carrying value of the DSUs outstanding was \$96 million (\$54 million at December 31, 2024) and was recorded within other liabilities. Alternatively, directors may participate in a Share Purchase Plan for Directors.

EMPLOYEE SHARE PURCHASE PROGRAM

Power Corporation established an Employee Share Purchase Program, giving employees the opportunity to subscribe for up to 6% of their gross salary to purchase Subordinate Voting Shares of the Corporation on the open market. Power Corporation invests, on the employee's behalf, up to an equal amount.

OTHER SHARE-BASED AWARDS OF SUBSIDIARIES

Power Financial, Lifeco, IGM and other subsidiaries of the Corporation have also established other share-based awards and performance share unit plans (plans) for their directors, management and employees. Some of these plans are cash settled and included within other liabilities. Total compensation expense related to these subsidiary plans amounted to \$445 million in 2025 (\$228 million in 2024) and was recorded in operating and administrative expenses on the statements of earnings.

NOTE 21 NON-CONTROLLING INTERESTS

The carrying value of non-controlling interests consists of the following:

December 31, 2025	Lifeco	IGM	Power Financial	Other	Total
Common shareholders	7,175	2,276	-	836	10,287
Preferred shareholders	2,920	-	2,830	-	5,750
Participating account surplus	3,079	-	-	-	3,079
Limited recourse capital notes	1,500	-	-	-	1,500
	14,674	2,276	2,830	836	20,616

December 31, 2024	Lifeco	IGM	Power Financial	Other	Total
Common shareholders	7,326	2,222	-	467	10,015
Preferred shareholders	2,720	-	2,830	-	5,550
Participating account surplus	3,041	-	-	-	3,041
Limited recourse capital notes	1,500	-	-	-	1,500
	14,587	2,222	2,830	467	20,106

NOTE 21 NON-CONTROLLING INTERESTS (continued)

The changes in non-controlling interests are as follows:

December 31, 2025	Lifeco	IGM	Power Financial	Other	Total
Non-controlling interests, beginning of year	14,587	2,222	2,830	467	20,106
Net earnings (losses) attributable to non-controlling interests	1,307	351	139	(26)	1,771
Other comprehensive income (loss) attributable to non-controlling interests	(13)	(16)	-	4	(25)
Dividends	(848)	(145)	(139)	-	(1,132)
Repurchase of equity instruments, net of issuance	(592)	(177)	-	472	(297)
Effect of changes in capital and ownership, and other	233	41	-	(81)	193
Non-controlling interests, end of year	14,674	2,276	2,830	836	20,616

December 31, 2024	Lifeco	IGM	Power Financial	Other	Total
Non-controlling interests, beginning of year	13,710	2,015	2,830	567	19,122
Net earnings (losses) attributable to non-controlling interests	1,361	315	141	(82)	1,735
Other comprehensive income (loss) attributable to non-controlling interests	361	79	-	5	445
Dividends	(739)	(180)	(141)	-	(1,060)
Repurchase of equity instruments, net of issuance	(34)	(12)	-	39	(7)
Effect of changes in capital and ownership, and other	(72)	5	-	(62)	(129)
Non-controlling interests, end of year	14,587	2,222	2,830	467	20,106

Financial information of Lifeco and IGM as at and for the year ended December 31, 2025 can be obtained from their publicly available financial statements. Summarized financial information for Lifeco and IGM is as follows:

	2025		2024	
	Lifeco	IGM	Lifeco	IGM
Balance sheet				
Assets	862,828	22,402	802,163	20,683
Liabilities	829,825	13,364	769,509	12,813
Equity	33,003	9,038	32,654	7,870
Comprehensive income				
Net earnings	4,161	1,107	4,173	937
Other comprehensive income (loss)	(40)	811	980	754
Cash flows				
Operating activities	2,708	1,035	4,751	1,092
Financing activities	(4,322)	(972)	(2,285)	(253)
Investing activities	(56)	301	(408)	(474)

LIFECO**Preferred Shares**

On September 24, 2025, Lifeco issued 8,000,000 5.70% Non-Cumulative First Preferred Shares, Series Z at \$25.00 per share for gross proceeds of \$200 million.

WEALTHSIMPLE

On October 27, 2025, Wealthsimple announced that it had signed a \$750 million equity offering, consisting of a \$550 million primary offering, as well as a secondary offering. On October 31, 2025, the primary offering closed and the Corporation, through Power Financial, and IGM each invested \$100 million. Following the primary offering, the Corporation remains the controlling shareholder of Wealthsimple, while its equity interest decreased to 52.4% at December 31, 2025. A secondary transaction involving third-party investors totalling \$190 million closed on December 19, 2025.

NOTE 22 CAPITAL MANAGEMENT

POWER CORPORATION

As a holding company, Power Corporation's objectives in managing its capital are to:

- provide attractive long-term returns to shareholders of the Corporation;
- provide sufficient financial flexibility to pursue its growth strategy to invest on a timely basis in its operating companies and other investments as opportunities arise;
- maintain a capital structure that matches the long-term nature of its investments by maximizing the use of permanent capital;
- maintain an appropriate credit rating to ensure stable access to the capital markets; and
- maintain a prudent amount of available cash and cash equivalents.

The Corporation manages its capital taking into consideration the risk characteristics and liquidity of its holdings. In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue capital.

The capital structure of the Corporation consists of debentures, non-participating shares, participating shareholders' equity and non-controlling interests. The Corporation views non-participating shares as a cost-effective source of permanent capital. The Corporation is a long-term investor and as such holds positions in long-term investments as well as cash and fixed income securities for liquidity purposes.

The Board of Directors of the Corporation is responsible for capital management. Management of the Corporation is responsible for establishing capital management procedures and for implementing and monitoring its capital plans. The Board of Directors of the Corporation reviews and approves capital transactions such as the issuance, redemption and repurchase of participating shares, non-participating shares and debentures. The boards of directors of the Corporation's subsidiaries, as well as those of Parjointco and GBL, oversee and have the responsibility for their respective company's capital management.

The Corporation itself is not subject to externally imposed regulatory capital requirements. However, Lifeco and certain of its main subsidiaries, certain of IGM's subsidiaries and certain of the Corporation's other subsidiaries are subject to regulatory capital requirements and they manage their capital as described below.

LIFECO

Lifeco manages its capital on both a consolidated basis as well as at the individual operating subsidiary level. The primary objectives of Lifeco's capital management strategy are:

- 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;
- to maintain strong credit and financial strength ratings of Lifeco ensuring stable access to capital markets; and
- to provide an efficient capital structure to maximize shareholder value in the context of Lifeco's operational risks and strategic plans.

The target level of capitalization for Lifeco and its subsidiaries is assessed by considering various factors such as the probability of falling below the minimum regulatory capital requirements in the relevant operating jurisdiction, the views expressed by various credit rating agencies that provide financial strength and other ratings to Lifeco, and the desire to hold sufficient capital to be able to honour all policyholder and other obligations of Lifeco with a high degree of confidence.

Management of Lifeco is responsible for establishing capital management procedures for implementing and monitoring the capital plan.

NOTE 22 CAPITAL MANAGEMENT (continued)

Lifeco's subsidiaries are subject to minimum regulatory capital requirements.

- In Canada, the 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 compares the regulatory capital resources of a company to its required capital defined by OSFI as the aggregate of all defined capital requirements. The total capital resources are provided by the sum of available capital, surplus allowance and eligible deposits. OSFI has established a supervisory target total ratio of 100%. Canada Life's consolidated LICAT ratio at December 31, 2025 was 128% (130% at December 31, 2024).
- For entities based in Europe, the local solvency capital regime is the Solvency II/UK basis. At December 31, 2025 and 2024, all Lifeco's European regulated entities met the capital and solvency requirements as prescribed under Solvency II/UK.
- Empower is subject to the risk-based capital regulatory regime in the U.S. Other foreign operations and foreign subsidiaries of Lifeco are required to comply with local capital or solvency requirements in their respective jurisdictions. At December 31, 2025 and 2024, Lifeco maintained capital levels above the minimum local regulatory requirements in each of its foreign operations.

IGM FINANCIAL

IGM's capital management objective is to maximize shareholder returns while ensuring that IGM is capitalized in a manner which appropriately supports regulatory capital requirements, working capital needs and business expansion. IGM's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. IGM regularly assesses its capital management practices in response to changing economic conditions.

IGM's capital is primarily used in its ongoing business operations to support working capital requirements, long-term investments made by IGM, business expansion and other strategic objectives.

The IGM subsidiaries that are subject to regulatory capital requirements include investment dealer, exempt market dealer, portfolio managers, investment fund managers and a trust company. These IGM subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. At December 31, 2025 and 2024, IGM subsidiaries have complied with all regulatory capital requirements.

ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER

Certain subsidiaries are subject to regulatory capital requirements, including portfolio managers, asset managers and an order-execution-only broker. These subsidiaries are required to maintain levels of capital based on their working capital, liquidity or shareholders' equity. At December 31, 2025 and 2024, these subsidiaries have complied with all regulatory capital requirements.

NOTE 23 RISK MANAGEMENT

The Corporation and its subsidiaries have established policies, guidelines and procedures designed to identify, measure, monitor, report and mitigate material risks associated with financial instruments and insurance contracts. The key risks related to financial instruments are liquidity risk, credit risk and market risk.

- Liquidity risk is the risk that the Corporation and its subsidiaries would not be able to meet all cash outflow obligations as they come due or be able to, in a timely manner, raise capital or monetize assets at normal market conditions.
- Credit risk is the potential for financial loss to the Corporation and its subsidiaries if a counterparty in a transaction fails to meet its payment obligations. Credit risk can be related to the default of a single debt issuer, the variation of credit spreads on tradable fixed income securities and also to counterparty risk relating to derivative products.
- Market risk is the risk that the market value or future cash flows of a financial instrument and the value of insurance and investment contract liabilities will fluctuate as a result of changes in market factors. Market factors include three types of risks: foreign exchange risk, interest rate (including inflation) risk and equity risk.
 - Foreign exchange risk relates to the Corporation, its subsidiaries and its jointly controlled corporations and associates operating in different currencies and converting non-Canadian investments and earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.
 - Interest rate risk is the risk that the fair value of a financial instrument will fluctuate following changes in the interest rates.
 - Equity risk is the potential loss associated with the sensitivity of the market price of a financial instrument arising from volatility in equity markets.

Estimates of sensitivities and risk exposure measures are included for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ significantly from these estimates for a variety of reasons, including, but not limited to, changes in the Corporation and its subsidiaries' asset or liability profile, changes in business mix, effective income tax rates, other market factors, differences in the actual exposure relative to broad market indices, variation in exposures by geography, and general limitations of the Corporation and its subsidiaries internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors. Given the nature of these calculations, the Corporation cannot provide assurance that the actual impact on net earnings will be as indicated.

The following is a summary of risks in respect to the Corporation and its subsidiaries' financial instruments and insurance contracts. In the first section below, the risk management policies and procedures of Power Corporation, Power Financial and the Corporation's alternative asset investment platforms and other (other subsidiaries) are discussed. Risks related to Lifeco and IGM are discussed in subsequent sections.

NOTE 23 RISK MANAGEMENT (continued)

POWER CORPORATION, POWER FINANCIAL AND ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER

LIQUIDITY RISK

Power Corporation is a holding company. As such, the holding company's cash flows are principally derived from dividends received from its subsidiaries and income from investments, less operating expenses, financing charges, income taxes and payment of dividends to its participating and non-participating shareholders. As a holding company, the Corporation's ability to pay dividends is dependent upon the Corporation receiving dividends from its principal operating subsidiaries and other investments. Lifeco and its subsidiaries are subject to restrictions set out in relevant corporate and insurance laws and regulations, which require that solvency and capital ratios be maintained. IGM's subsidiaries are also subject to minimum capital requirements. Regulatory requirements may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends. The declaration and payment of dividends by the Corporation in future periods remains at the discretion of its Board of Directors and is dependent on the operating performance, profitability, financial position and creditworthiness of its operating subsidiaries and other investments, as well as on their ability to pay dividends.

Power Corporation and Power Financial regularly review their liquidity requirements and seek to maintain sufficient levels of liquidities to meet their operating expenses, financing charges and payment of preferred share dividends for a reasonable period of time, as defined in their policies. The ability of Power Corporation, Power Financial and other subsidiaries to arrange additional financing in the future will depend in part upon prevailing market conditions as well as the business performance and risk profile of Power Corporation, Power Financial and their subsidiaries.

Liquidity is also available through the Corporation's lines of credit with Canadian banks. The Corporation has a committed line of credit of \$500 million. The Corporation also maintains an uncommitted line of credit of \$100 million, and any advances are at the bank's sole discretion. At December 31, 2025 and 2024, the Corporation was not utilizing its committed line of credit or uncommitted line of credit. Other subsidiaries also have committed and uncommitted lines of credit of \$1,081 million and \$357 million, respectively, with Canadian and U.S. banks (\$612 million and \$294 million, respectively, was undrawn at December 31, 2025).

Principal repayments on debentures and other debt instruments, and client funds payable (other than those of Lifeco and IGM discussed below) represent the only significant contractual liquidity requirements. Contractual maturities of certain liabilities were as follows:

December 31, 2025	Payments due by period				Total
	Demand	1 year or less	1-5 years	Over 5 years	
Client funds payable ¹	21,494	-	-	-	21,494
Power Corporation's debentures	-	-	-	650	650
Non-recourse debentures and other debt instruments					
Power Financial	-	-	-	250	250
Consolidated investment funds and Other	-	1,316	1,033	1,891	4,240
Future lease payments	-	47	174	617	838
Pension contributions	-	16	-	-	16
	21,494	1,379	1,207	3,408	27,488

¹ Client funds payable due on demand are primarily offset by Other subsidiaries' funds held on behalf of clients.

Power Corporation and Power Financial believe their ongoing cash flows from operations, available cash balances and liquidity available through their lines of credit are sufficient to address their liquidity needs. Power Corporation, Power Financial and other subsidiaries' management of liquidity risk has not changed materially since December 31, 2024.

CREDIT RISK

Power Corporation, Power Financial and other subsidiaries' cash and cash equivalents, including fixed income securities, funds held on behalf of clients, securities borrowed, other loans and derivatives are subject to credit risk. Power Corporation, Power Financial and other subsidiaries manage credit risk on their fixed income securities by adhering to an investment policy that establishes guidelines which provide exposure limits by defining admissible securities, minimum ratings and concentration limits.

Fixed income securities, which are included in investments and in cash and cash equivalents, consist primarily of bonds and highly liquid temporary deposits with Canadian chartered banks and banks in jurisdictions where Power Corporation, Power Financial and other subsidiaries operate, as well as bonds and short-term securities of, or guaranteed by, the Canadian or U.S. governments. Power Corporation and Power Financial regularly review the credit ratings of their counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

NOTE 23 RISK MANAGEMENT (continued)

Other subsidiaries had funds held on behalf of clients of \$21,494 million at December 31, 2025 (\$12,902 million at December 31, 2024), which are mainly held with Schedule I chartered banks.

Other subsidiaries and Power Financial held other loans, classified as FVPL and at amortized cost, of \$686 million and \$1,224 million, respectively, at December 31, 2025 (\$314 million and nil, respectively, at December 31, 2024). The carrying value represents the maximum exposure to credit risk for those assets.

Derivatives can also be used to mitigate foreign exchange or equity exposures. Power Corporation and Power Financial regularly review the credit ratings of derivative financial instrument counterparties. Derivative contracts are over-the-counter with counterparties that are highly rated financial institutions.

Other subsidiaries are also exposed to credit risk through derivative contracts used to hedge interest rate risk or mitigate foreign exchange exposures. Other subsidiaries regularly review the credit ratings of their counterparties. The exposure to credit risk on these financial instruments is limited to their carrying value.

Power Corporation, Power Financial and other subsidiaries' exposure to and management of credit risk related to cash and cash equivalents, fixed income securities, funds held on behalf of clients, securities borrowed, other loans and derivatives have not changed materially since December 31, 2024.

MARKET RISK

Power Corporation and Power Financial and other subsidiaries' financial instruments are comprised of cash and cash equivalents, fixed income securities, other investments (consisting of equity securities, other loans, investment funds and investment properties), derivatives and debentures and other debt instruments.

Foreign Exchange Risk

In managing their own cash and cash equivalents as well as fixed income securities, Power Corporation, Power Financial and other subsidiaries may hold cash balances denominated in foreign currencies and thus be exposed to fluctuations in exchange rates. In order to protect against such fluctuations, Power Corporation, Power Financial and other subsidiaries may from time to time enter into currency-hedging transactions with highly rated financial institutions. As at December 31, 2025, approximately 78% (55% as at December 31, 2024) of Power Corporation, Power Financial and other subsidiaries' cash and cash equivalents and fixed income securities were denominated in Canadian dollars.

Power Corporation, Power Financial and other subsidiaries held other investments either classified as FVOCI or as FVPL. Unrealized gains and losses on investments classified as FVOCI, resulting from foreign exchange rate variations, are recorded in other comprehensive income and reclassified directly to retained earnings on realization. Unrealized gains and losses on investments classified as FVPL, resulting from foreign exchange rate variations, are recorded directly in net earnings. As at December 31, 2025, the impact of a 5% strengthening of the Canadian dollar against foreign currencies would result in a loss recorded in net earnings of approximately \$108 million (\$82 million in 2024). As at December 31, 2025, the Corporation's investments classified as FVOCI are not significant. Power Corporation's and Power Financial's debentures are denominated in Canadian dollars.

Power Corporation has net investments in foreign operations. In accordance with IFRS Accounting Standards, foreign currency translation gains and losses from net investments in foreign operations are recorded in other comprehensive income. Strengthening or weakening of the Canadian dollar spot rate compared to the U.S. dollar spot rate impacts the Corporation's total equity.

Power Financial is exposed to foreign exchange risk on its investment in GBL held through Parjointco as its functional currency is the euro. Foreign currency translation gains and losses on this investment are recorded in other comprehensive income. As at December 31, 2025, the impact of a 5% increase (decrease) in Canadian currency relative to the foreign currency would decrease (increase) the aggregate carrying value of the foreign investment by approximately \$165 million (\$185 million in 2024).

Interest Rate Risk

Other subsidiaries and Power Financial held other loans, classified as FVPL, of \$686 million and are exposed to interest rate risk (\$314 million at December 31, 2024). Other subsidiaries also held other loans, classified as amortized cost, of \$1,224 million (nil at December 31, 2024). As at December 31, 2025, the impact to net earnings of a 100 basis point increase in interest rates would not have been significant.

Other subsidiaries are exposed to interest rate risk on funds held on behalf of clients of \$21,494 million (\$12,902 million at December 31, 2024) invested in interest-bearing accounts, of which the majority have an offsetting liability.

Power Corporation, Power Financial and other subsidiaries' financial instruments do not have significant exposure to interest rate risk.

NOTE 23 RISK MANAGEMENT (continued)**Equity Risk**

Power Corporation, Power Financial and other subsidiaries held other investments either classified as FVOCI or FVPL. Unrealized gains and losses on investments classified as FVOCI are recorded in other comprehensive income and transferred directly to retained earnings on realization. Unrealized gains and losses on investments classified as FVPL are recorded directly in net earnings. As at December 31, 2025 the Corporation's investments classified as FVOCI are not significant. As at December 31, 2025, the impact of a 10% decrease in the value of other investments held by Power Corporation, Power Financial and other subsidiaries would have resulted in an approximate \$455 million loss recorded in net earnings related to investments classified as FVPL, including investments in jointly controlled corporations and associates measured at FVPL (\$342 million at December 31, 2024).

GBL holds a portfolio of investments which are classified as FVOCI or FVPL. Unrealized gains and losses on investments classified as FVOCI are recorded in other comprehensive income and transferred directly to retained earnings on realization. Unrealized gains and losses on investments classified as FVPL are recorded directly in net earnings. As at December 31, 2025, the impact of a 10% decrease in equity markets would have resulted in an approximate \$170 million unrealized loss (\$220 million at December 31, 2024) to be recorded in other comprehensive income related to investments classified as FVOCI and a \$45 million loss (\$75 million at December 31, 2024) recorded in net earnings related to investments classified as FVPL, representing the Corporation's share of Parjointco's unrealized losses.

Power Corporation and Power Financial sponsor a number of deferred compensation arrangements for employees where payments to participants are deferred and linked to the performance of the common shares of Power Corporation. Power Corporation and Power Financial hedge their exposure to the equity risk associated with their PSU Plans through the use of total return swaps.

LIFECO

The risk committee of the board of directors of Lifeco is responsible for the oversight of Lifeco's key risks. Lifeco has established policies and procedures designed to identify, measure, manage, monitor and report material risks associated with financial instruments and insurance contracts.

LIQUIDITY RISK

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

- Lifeco 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 67% (67% in 2024) 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.
- Management of Lifeco closely monitors the solvency and capital positions of its principal subsidiaries opposite liquidity requirements at its holding company. Additional liquidity is available through established lines of credit or via capital market transactions. At December 31, 2025, Lifeco maintained \$950 million of liquidity at its level through committed lines of credit with Canadian chartered banks. As well, Lifeco maintains a US\$1,000 million revolving credit agreement with a syndicate of banks and a US\$50 million line of credit at Empower. Empower also has borrowing capacity of approximately US\$992 million under the Federal Home Loan Bank program.

Payments Due by Period

In the normal course of business, Lifeco enters into contracts that give rise to commitments of future minimum payments that impact short-term and long-term liquidity. The following table summarizes the principal repayment schedule of certain of Lifeco's financial liabilities.

	Payments due by period						Total
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	
December 31, 2025							
Debentures and other debt instruments	1,078	548	1,011	857	600	4,595	8,689
Capital trust debentures ¹	-	-	-	-	-	150	150
Purchase obligations	210	115	65	35	24	13	462
Pension contributions	264	-	-	-	-	-	264
	1,552	663	1,076	892	624	4,758	9,565

¹ Payments due have not been reduced to reflect that Lifeco held capital trust securities of \$37 million principal amount (\$44 million carrying value).

NOTE 23 RISK MANAGEMENT (continued)

CREDIT RISK

Lifeco has the following policies and procedures in place to manage credit risk:

- Investment and risk policies aim to minimize undue concentration within issuers, connected companies, industries or individual geographies.
- Investment and risk limits specify minimum and maximum limits for each asset class.
- Identification of credit risk through an internal credit risk rating system which includes a detailed assessment of a debtor's creditworthiness. Internal credit risk ratings cannot be higher than the highest rating provided by certain independent ratings companies.
- Portfolios are monitored continuously, and reviewed regularly with the risk committee and the investment committee of the board of directors of Lifeco.
- Credit risk associated with derivative instruments is evaluated quarterly based on conditions that existed at the balance sheet date, using practices that are at least as conservative as those recommended by regulators. Lifeco manages derivative credit risk by including derivative exposure to aggregate credit exposures measured against rating-based debtor limits and through collateral arrangements where possible.
- Counterparties providing reinsurance to Lifeco are reviewed for financial soundness as part of an ongoing monitoring process. The minimum financial strength of reinsurers is outlined in Lifeco's Reinsurance Risk Management Policy. Lifeco seeks to minimize reinsurance credit risk by setting rating-based limits on net ceded exposure by counterparty as well as seeking protection in the form of collateral or funds-withheld arrangements where possible.
- Investment guidelines also specify collateral requirements.

Maximum Exposure to Credit Risk

The following table summarizes Lifeco's maximum exposure to credit risk related to financial instruments as well as insurance and reinsurance contracts.

	December 31, 2025	December 31, 2024
Financial instruments		
Cash and cash equivalents	8,902	10,709
Bonds	174,468	167,114
Mortgage loans	36,873	38,879
Interest due and accrued	1,885	1,778
Accounts receivable	4,144	3,624
Funds held under investment contracts	6,229	6,895
Trading account assets	3,995	3,701
Finance leases receivable	1,043	926
Other assets ¹	2,117	1,979
Derivative assets	1,863	2,431
	241,519	238,036
Insurance and reinsurance contracts		
Reinsurance contract held assets ²	16,850	17,842
Insurance contract assets	1,571	1,193
Funds held by ceding insurers ³	3,489	3,640
	21,910	22,675
Total	263,429	260,711

¹ Includes items such as income taxes receivable and miscellaneous other assets of Lifeco.

² Includes funds withheld on reinsurance contracts issued.

³ Included in insurance contract liabilities (Note 10).

Credit risk is also mitigated by entering into collateral agreements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines have been implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral primarily consists of government bonds, investment-grade corporate bonds and cash. Management of Lifeco monitors the value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. Lifeco had \$1,401 million of collateral received from counterparties as at December 31, 2025 (\$1,732 million as at December 31, 2024) relating to derivative assets.

NOTE 23 RISK MANAGEMENT (continued)**Concentrations of Credit Risk**

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. The characteristics of such debtors are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due.

The following tables provide details of the carrying value of bonds of Lifeco for each business by issuer and industry sector:

	December 31, 2025				
	United States	Canada	Europe	Capital and Risk Solutions	Total
Bond issued or guaranteed by:					
Treasuries	4,788	2,275	7,592	3,040	17,695
Government-related	2,748	16,787	8,118	1,186	28,839
Agency securitized	1,859	-	-	12	1,871
Non-agency securitized	10,909	3,973	886	266	16,034
Financials	12,578	5,605	5,887	954	25,024
Communications	1,927	1,370	949	227	4,473
Consumer products	10,696	4,955	2,039	1,274	18,964
Energy	4,085	3,049	800	361	8,295
Industrials	8,440	2,985	1,157	471	13,053
Technology	3,827	1,345	419	375	5,966
Transportation	1,919	4,816	1,153	284	8,172
Utilities	6,980	12,923	4,840	1,339	26,082
	70,756	60,083	33,840	9,789	174,468

	December 31, 2024				
	United States	Canada	Europe	Capital and Risk Solutions	Total
Bond issued or guaranteed by:					
Treasuries	1,361	3,304	7,274	4,220	16,159
Government-related	2,605	17,286	7,444	694	28,029
Agency securitized	1,055	186	-	13	1,254
Non-agency securitized	12,395	3,453	800	163	16,811
Financials	12,556	4,726	5,651	1,124	24,057
Communications	1,741	1,194	856	211	4,002
Consumer products	10,172	5,086	2,084	1,061	18,403
Energy	3,363	2,809	502	370	7,044
Industrials	7,927	2,878	1,178	469	12,452
Technology	3,568	1,329	409	322	5,628
Transportation	2,021	4,426	853	198	7,498
Utilities	7,468	12,559	4,660	1,090	25,777
	66,232	59,236	31,711	9,935	167,114

The following tables provide details of the carrying value of mortgage loans of Lifeco by business:

December 31, 2025	United States	Canada	Europe	Capital and Risk Solutions	Total
Single-family residential	-	765	-	-	765
Multi-family residential	3,383	4,985	932	33	9,333
Equity-release	-	2,058	2,888	718	5,664
Commercial	7,837	9,084	4,103	87	21,111
	11,220	16,892	7,923	838	36,873

December 31, 2024	United States	Canada	Europe	Capital and Risk Solutions	Total
Single-family residential	-	1,225	-	-	1,225
Multi-family residential	4,065	4,523	946	34	9,568
Equity-release	-	1,949	2,279	590	4,818
Commercial	9,754	9,228	4,133	153	23,268
	13,819	16,925	7,358	777	38,879

NOTE 23 RISK MANAGEMENT (continued)

Expected Credit Losses

The following tables reconcile the allowance for credit losses under the ECL model, by asset classification and stage, at Lifeco.

December 31, 2025	Performing		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Bonds at FVOCI				
Balance, beginning of year	4	-	-	4
Provision for credit losses				
Originations	-	-	-	-
Maturities	(1)	-	-	(1)
Net remeasurement of loss allowance	-	-	-	-
Balance, end of year	3	-	-	3
Mortgages at amortized cost				
Balance, beginning of year	1	20	7	28
Provision for credit losses				
Transfers to stage 2	1	(1)	-	-
Maturities	-	-	(2)	(2)
Net remeasurement of loss allowance	(1)	(3)	(1)	(5)
Exchange rate and other	-	-	1	1
Balance, end of year	1	16	5	22
Mortgages at FVOCI				
Balance, beginning of year	-	1	-	1
Provision for credit losses				
Net remeasurement of loss allowance	-	(1)	-	(1)
Balance, end of year	-	-	-	-
Total allowance for credit losses, end of year	4	16	5	25

December 31, 2024	Performing		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Bonds at FVOCI				
Balance, beginning of year	3	-	-	3
Provision for credit losses				
Originations	1	-	-	1
Maturities	(1)	-	-	(1)
Net remeasurement of loss allowance	1	-	-	1
Balance, end of year	4	-	-	4
Mortgages at amortized cost				
Balance, beginning of year	1	29	4	34
Provision for credit losses				
Transfers to stage 1	3	(3)	-	-
Net remeasurement of loss allowance	(3)	(7)	3	(7)
Exchange rate and other	-	1	-	1
Balance, end of year	1	20	7	28
Mortgages at FVOCI				
Balance, beginning of year	-	-	-	-
Provision for credit losses				
Net remeasurement of loss allowance	-	1	-	1
Balance, end of year	-	1	-	1
Total allowance for credit losses, end of year	5	21	7	33

NOTE 23 RISK MANAGEMENT (continued)**Credit Risk Exposure by Internal Risk Rating**

The following tables present the fair value of bonds and mortgages at FVOCI and carrying amounts of mortgages at amortized cost held by Lifeco. Risk ratings are based on internal ratings used in the measurement of ECL as at the reporting date.

December 31, 2025	Performing		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Bonds at FVOCI				
Investment grade	12,959	-	-	12,959
Non-investment grade	71	10	-	81
	13,030	10	-	13,040
Mortgages at FVOCI				
Investment grade	263	-	-	263
Non-investment grade	-	6	-	6
	263	6	-	269
Mortgages at amortized cost				
Investment grade	4,601	-	-	4,601
Non-investment grade	-	212	-	212
Impaired	-	-	10	10
	4,601	212	10	4,823
Allowance for credit losses	(1)	(16)	(5)	(22)
	4,600	196	5	4,801

December 31, 2024	Performing		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Bonds at FVOCI				
Investment grade	13,669	-	-	13,669
Non-investment grade	75	14	-	89
	13,744	14	-	13,758
Mortgages at FVOCI				
Investment grade	446	-	-	446
Non-investment grade	-	15	-	15
	446	15	-	461
Mortgages at amortized cost				
Investment grade	4,562	-	-	4,562
Non-investment grade	-	266	-	266
Impaired	-	-	10	10
	4,562	266	10	4,838
Allowance for credit losses	(1)	(20)	(7)	(28)
	4,561	246	3	4,810

NOTE 23 RISK MANAGEMENT (continued)

Credit Impact on Financial Assets and Liabilities Designated as FVPL

The carrying value of Lifeco's financial assets and liabilities designated as FVPL represents the maximum exposure to credit risk for those financial instruments. The change in fair value attributable to the change in credit risk of these financial instruments is generally insignificant in the absence of significant credit events occurring on specific financial instruments. In 2025, a fair value loss of \$153 million (\$67 million in 2024) is reflected in changes in FVPL in the statements of earnings related to significant credit events occurring on financial instruments designated as FVPL.

Asset Quality

Bond Portfolio Quality	December 31, 2025	December 31, 2024
Based on internal ratings:		
AAA	26,599	24,462
AA	32,162	32,310
A	63,342	60,041
BBB	49,476	47,936
BB and lower	2,889	2,365
	174,468	167,114

Derivative Portfolio Quality	December 31, 2025	December 31, 2024
Over-the-counter contracts (counterparty ratings):		
AA	1,216	1,687
A	645	743
Exchange-traded	2	1
	1,863	2,431

Reinsurance Contract Held Assets Quality	December 31, 2025	December 31, 2024
Based on rating agency ratings:		
AA- to AA+	15,343	16,409
A- to A+	1,474	1,424
BBB+ and lower	-	8
Not rated	33	1
	16,850	17,842
Total reinsurance contract held assets less collateral	4,143	4,177

Total reinsurance contract held assets are net of funds held under reinsurance contracts.

As at December 31, 2025, \$11,710 million of the \$16,850 million of reinsurance contract held assets are ceded to Protective Life Insurance Company (\$12,633 million of \$17,842 million at December 31, 2024). This concentration risk is mitigated by funds held in trust and other arrangements of \$12,882 million as at December 31, 2025 (\$13,774 million at December 31, 2024).

NOTE 23 RISK MANAGEMENT (continued)**Funds Held Under Investment Contracts and Funds Held by Ceding Insurers**

At December 31, 2025, Lifeco had amounts on deposit of \$6,229 million (\$6,895 million at December 31, 2024) for funds held under investment contracts. This amount has been included in other assets on the balance sheets. At December 31, 2025, Lifeco had amounts on deposit of \$3,489 million (\$3,640 million at December 31, 2024) for funds held by ceding insurers. This amount has been included in insurance contract liabilities on the balance sheets. Included in these amounts are assets of \$153 million at December 31, 2025 (\$98 million at December 31, 2024) where Lifeco does not retain the credit risk. Income and expenses arising from the underlying assets are included in net investment result in the statements of earnings.

The details of the funds on deposit for certain agreements where Lifeco has credit risk are as follows:

CARRYING VALUES AND ESTIMATED FAIR VALUES

	December 31, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	117	117	206	206
Bonds	8,980	8,980	9,689	9,689
Mortgages	344	344	384	384
Other assets	124	124	158	158
	9,565	9,565	10,437	10,437
Supporting:				
Insurance contract liabilities	3,336	3,336	3,542	3,542
Investment contract liabilities	6,229	6,229	6,895	6,895
	9,565	9,565	10,437	10,437

Bonds

The following provides details of the carrying value of bonds included in the funds on deposit by issuer and industry sector:

	December 31, 2025	December 31, 2024
Bonds issued or guaranteed by:		
Treasury	188	265
Government-related	973	1,080
Agency securitized	81	94
Non-agency securitized	978	1,063
Financials	1,566	1,670
Communications	266	291
Consumer products	1,474	1,525
Energy	439	504
Industrials	836	927
Technology	321	349
Transportation	300	306
Utilities	1,558	1,615
	8,980	9,689

NOTE 23 RISK MANAGEMENT (continued)**ASSET QUALITY**

	December 31, 2025	December 31, 2024
Bond Portfolio Quality		
AAA	574	794
AA	2,213	2,332
A	3,786	4,002
BBB	2,344	2,501
BB and lower	63	60
	8,980	9,689

Mortgages

The following provides details of the carrying value of mortgages included in the funds on deposit by property type:

	December 31, 2025	December 31, 2024
Multi-family residential	80	81
Commercial	264	303
	344	384

MARKET RISK**Foreign Exchange Risk**

If the assets backing insurance and investment contract liabilities are not matched by currency, changes in foreign exchange rates can expose Lifeco to the risk of foreign exchange losses not offset by liability decreases.

- A 10% weakening of the Canadian dollar against foreign currencies would be expected to increase non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount, resulting in an immaterial immediate change to net earnings. A 10% strengthening of the Canadian dollar against foreign currencies would be expected to decrease non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount, resulting in an immaterial immediate change to net earnings.

Lifeco has net investments in foreign operations. Lifeco's debt obligations are denominated in Canadian dollars, euros and U.S. dollars. In accordance with IFRS Accounting Standards, foreign currency translation gains and losses from net investments in foreign operations, net of related hedging activities and tax effects, are recorded in other comprehensive income. Strengthening or weakening of the Canadian dollar spot rate compared to the U.S. dollar, British pound and euro spot rates impacts Lifeco's total equity. Correspondingly, Lifeco's book value per share and capital ratios monitored by rating agencies are also impacted.

Interest Rate Risk

The following policies and procedures are in place to mitigate Lifeco's exposure to interest rate risk:

- Lifeco manages its interest rate risk by investing in assets that are suitable for the products sold.
- Lifeco uses a formal process for managing the matching of assets and liabilities. This involves grouping general fund assets and liabilities into each of its segments. Assets in each of its segments are managed in relation to the liabilities in the segment.
- For products with fixed and highly predictable benefit payments, investments are generally made in fixed income assets or investment properties whose cash flows closely match the liability product cash flows. Where assets are not available to match certain period cash flows, such as long-tail cash flows, a portion of these are invested in equities and non-fixed income assets while the rest are duration matched.
- Hedging instruments are employed when there is a lack of suitable permanent investments or to manage the level of loss exposure to interest rate changes.
- To the extent asset and liability cash flows are matched, protection against interest rate change is achieved and any change in the fair value of the assets will be offset by a similar change in the fair value of the liabilities.
- For products with less predictable timing of benefit payments, investments are made in fixed income assets with cash flows of a shorter duration than the anticipated timing of benefit payments, or equities and non-fixed income assets.
- The risks associated with the mismatch in portfolio duration and cash flow, asset prepayment exposure and the pace of asset acquisition are quantified and reviewed regularly.

NOTE 23 RISK MANAGEMENT (continued)

The impact to 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.

Lifeco's asset liability management strategy uses public equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in the net earnings. Further, the classification of financial assets, such as mortgage assets in the United Kingdom which are valued at amortized cost and held in the general fund assets supporting liabilities, also contributes to interest rate exposure in net earnings.

The impact to net earnings and equity from an immediate parallel 50 basis point increase or decrease in interest rates is illustrated in the table below, rounded to the nearest \$25 million:

Change in market yield curves

	December 31, 2025		December 31, 2024	
	Increase 50 basis points interest rates	Decrease 50 basis points interest rates	Increase 50 basis points interest rates	Decrease 50 basis points interest rates
Net earnings	25	(50)	125	(150)
Equity	-	(25)	75	(125)

The sensitivities above reflect the immediate impacts on net earnings and equity from market movements.

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

The potential impact on the net earnings does not take into account any future potential changes to Lifeco's ultimate investment rate (UIR) assumptions. As at both December 31, 2025 and December 31, 2024, the sensitivity of net earnings to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of \$10 million or a decrease of \$10 million post-tax, respectively, when rounded to the nearest \$10 million.

The impact to net earnings and equity from an immediate parallel 50 basis point increase or decrease in credit spreads is illustrated in the table below, rounded to the nearest \$25 million, with no change to the ultimate illiquidity premium:

Change in credit spreads

	December 31, 2025		December 31, 2024	
	Increase 50 basis points credit spreads	Decrease 50 basis points credit spreads	Increase 50 basis points credit spreads	Decrease 50 basis points credit spreads
Net earnings	150	(200)	250	(300)
Equity	225	(300)	325	(400)

The sensitivities above reflect the immediate impacts on net earnings and equity from market movements.

Actual impacts of credit spread changes will vary depending on the geographies where the changes occur, and the changes in credit spreads by term. A change in credit spreads may also lead to a change in the allowance for credit risk within the discount rate, depending on prevailing market and credit conditions at the time; any potential earnings impacts that may arise from such a change are not reflected in the sensitivities above.

Equity Risk

Lifeco has investment policy guidelines in place that provide for prudent investment in equity markets with clearly defined limits to mitigate this risk. The risks associated with segregated fund guarantees on lifetime Guaranteed Minimum Withdrawal Benefits have been mitigated through a hedging program using equity futures, currency forwards and interest rate derivatives.

Some insurance and investment contract liabilities with long-tail cash flows are supported by publicly traded common shares and investments in other non-fixed income assets, primarily comprised of investment properties, real estate funds, private equities, and equity-release mortgages. Net earnings will reflect changes in the value of 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.

NOTE 23 RISK MANAGEMENT (continued)

The liabilities for segregated fund products with guarantees will fluctuate with changes in the value of the non-fixed income assets. Under current market conditions, there are no earnings impacts to Lifeco 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 Lifeco hedges, there is a limited earnings impact with respect to the change in liability versus the change in hedge assets.

The following table provides information on the expected impacts of an immediate 10% or 20% increase or decrease in the value of publicly traded common shares on net earnings and equity, rounded to the nearest \$25 million:

Change in publicly traded common share values

	December 31, 2025				December 31, 2024			
	Increase		Decrease		Increase		Decrease	
	20%	10%	10%	20%	20%	10%	10%	20%
Net earnings	75	50	(50)	(75)	100	50	(50)	(100)
Equity	500	250	(250)	(525)	525	250	(250)	(525)

The sensitivities above reflect the immediate impacts on net earnings and equity from market movements.

The following table provides information on the expected impacts of an immediate 5% or 10% increase or decrease in the value of other non-fixed income assets on net earnings and equity, rounded to the nearest \$25 million:

Change in other non-fixed income asset values ¹

	December 31, 2025				December 31, 2024			
	Increase		Decrease		Increase		Decrease	
	10%	5%	5%	10%	10%	5%	5%	10%
Net earnings	550	275	(300)	(600)	425	225	(225)	(450)
Equity	600	300	(325)	(650)	475	250	(250)	(500)

¹ Sensitivities to other non-fixed income asset values as at December 31, 2025 reflect a refinement in methodology, not a change to the underlying exposure to other non-fixed income assets. Prior to the refinement, the +10%/+5%/-5%/-10% sensitivities were +\$425 million /+\$200 million /-\$225 million /-\$475 million for net earnings, and +\$475 million /+\$225 million /-\$250 million /-\$525 million for equity, respectively.

The sensitivities above reflect the immediate impacts on net earnings and equity from market movements.

IGM FINANCIAL

The risk committee of the board of IGM is responsible for assisting the board of directors of IGM in reviewing and overseeing the risk governance structure and risk management program of IGM.

LIQUIDITY RISK

IGM's liquidity profile is structured to ensure it has sufficient liquidity to satisfy current and prospective requirements in both normal and stressed conditions. IGM's liquidity management practices include:

- Maintaining liquid assets and lines of credit to satisfy near-term liquidity needs.
- Ensuring effective controls over liquidity management processes.
- Performing regular cash forecasts and stress testing.
- Regular assessment of capital market conditions and IGM's ability to access bank and capital market funding.
- Ongoing efforts to diversify and expand long-term mortgage funding sources.
- Oversight of liquidity risks by its internal financial risk management committee.

A key liquidity requirement for IGM is the funding of advisor network compensation paid for the distribution of financial products and services. This compensation continues to be paid from operating cash flows.

NOTE 23 RISK MANAGEMENT (continued)

IGM also maintains sufficient liquidity to fund and temporarily hold mortgages, which include home equity lines of credit (HELOCs), pending sale or securitization to long-term funding sources and to manage any derivative collateral requirements. Through its mortgage banking operations, residential mortgages are sold to third parties including certain mutual funds, institutional investors through private placements, Canadian bank-sponsored securitization trusts, and by issuance and sale of National Housing Act Mortgage-Backed Securities (NHA MBS), including sales to Canada Housing Trust under the Canada Mortgage Bond Program (CMB Program).

Certain subsidiaries of IGM are approved issuers of NHA MBS and are approved sellers into the CMB Program. Capacity for sales under the CMB Program consists of participation in new CMB issues and reinvestment of principal repayments held in principal reinvestment accounts.

IGM maintains committed capacity within certain Canadian bank-sponsored securitization trusts.

IGM accesses the unsecured long-term debt markets for corporate purposes and ensures a well-diversified maturity schedule to manage associated liquidity risks.

IGM's contractual maturities of certain liabilities were as follows:

December 31, 2025	Payments due by period				Total
	Demand	1 year or less	1-5 years	Over 5 years	
Derivative financial instruments	-	7	8	-	15
Client funds payable ¹	4,299	-	-	-	4,299
Obligations to securitization entities	-	1,279	3,532	4	4,815
Future lease payments	-	28	96	95	219
Debentures	-	-	525	1,875	2,400
Total contractual maturities	4,299	1,314	4,161	1,974	11,748

¹ Client funds payable due on demand are primarily offset by IGM's funds held on behalf of clients.

In addition to IGM's current balance of cash and cash equivalents, liquidity is available through IGM's lines of credit. IGM's lines of credit with various Schedule I Canadian chartered banks totalled \$800 million as at December 31, 2025. The lines of credit as at December 31, 2025 consisted of committed lines of \$650 million and uncommitted lines of \$150 million. Any advances made by the banks under the uncommitted lines are at the banks' sole discretion. As at December 31, 2025 and 2024, IGM was not utilizing its committed lines of credit or its uncommitted lines of credit.

IGM's liquidity position and its management of liquidity risk have not changed materially since December 31, 2024.

CREDIT RISK

IGM's cash and cash equivalents, funds held on behalf of clients, mortgage portfolios and derivatives are subject to credit risk. IGM monitors its credit risk management practices on an ongoing basis to evaluate their effectiveness.

At December 31, 2025, IGM's cash and cash equivalents of \$1,274 million (\$910 million in 2024) consisted of cash balances of \$677 million (\$545 million in 2024) primarily on deposit with Canadian chartered banks and cash equivalents of \$598 million (\$365 million in 2024). IGM manages credit risk related to cash and cash equivalents by adhering to its investment and counterparty credit risk management policies that outline credit risk parameters and concentration limits. IGM regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

Funds held on behalf of clients of \$4.3 billion (\$3.7 billion in 2024) are held with Schedule I chartered banks.

As at December 31, 2025, residential mortgages, including HELOCs, recorded on IGM's balance sheets, of \$5.3 billion (\$5.5 billion in 2024) consisted of \$4.8 billion sold to securitization programs (\$5.1 billion in 2024), \$493 million held pending sale or securitization (\$406 million in 2024) and \$10 million related to IGM's intermediary operations (\$11 million in 2024).

IGM manages credit risk related to residential mortgages through:

- Adhering to its lending policy and underwriting standards;
- Its loan servicing capabilities;
- Use of client-insured mortgage default insurance and mortgage portfolio default insurance held by IGM; and
- Its practice of originating its mortgages exclusively through its own network of Mortgage Advisors and IG Wealth Management advisors as part of a client's IG Living Plan™.

NOTE 23 RISK MANAGEMENT (continued)

In certain instances, IGM's credit risk is also limited by the terms and nature of securitization transactions as described below:

- Under the NHA MBS program totalling \$2.6 billion (\$2.5 billion in 2024), IGM is obligated to make timely payment of principal and coupons irrespective of whether such payments were received from the mortgage borrower. However, as required by the NHA MBS program, 100% of the loans are insured by an approved insurer.
- Credit risk for mortgages securitized by transfer to bank-sponsored securitization trusts totalling \$2.2 billion (\$2.6 billion in 2024) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were \$54 million (\$63 million in 2024) and \$51 million (\$38 million in 2024), respectively, at December 31, 2025. Cash reserve accounts are reflected on the balance sheets, whereas rights to future net interest income are not reflected on the balance sheets and will be recorded over the life of the mortgages.

At December 31, 2025, residential mortgages recorded on the balance sheets were 52.6% insured (48.9% in 2024). At December 31, 2025, impaired mortgages on these portfolios were \$6 million (\$4 million in 2024). Uninsured non-performing mortgages over 90 days on these portfolios were \$3 million at December 31, 2025 (\$2 million in 2024).

IGM also retains certain elements of credit risk on mortgage loans sold to the IG Mackenzie Mortgage and Short-Term Income Fund through an agreement to repurchase mortgages in certain circumstances benefiting the funds. These loans are not recorded on the balance sheets as IGM has transferred substantially all of the risks and rewards of ownership associated with these loans.

IGM regularly reviews the credit quality of the mortgages and the adequacy of the allowance for expected credit losses.

IGM's allowance for expected credit losses was \$1 million at December 31, 2025 (\$1 million in 2024), and is considered adequate by IGM's management to absorb all credit-related losses in the mortgage portfolios based on: i) historical credit performance experience; ii) recent trends in interest rates; iii) current portfolio credit metrics and other relevant characteristics; iv) its strong financial planning relationship with its clients; and v) stress testing of losses under adverse real estate market conditions.

IGM's exposure to and management of credit risk related to cash and cash equivalents, fixed income securities and mortgage portfolios have not changed materially since December 31, 2024.

IGM is exposed to credit risk through the derivative contracts it utilizes to hedge interest rate risk, to facilitate securitization transactions and to hedge market risk related to certain share-based compensation arrangements. These derivatives are discussed more fully under the IGM market risk section below.

To the extent that the fair value of the derivatives is in a gain position, IGM is exposed to the credit risk that its counterparties fail to fulfill their obligations under these arrangements.

IGM's derivative activities are managed in accordance with its derivative policy, which includes counterparty limits and other parameters to manage counterparty risk. Counterparties are all Canadian Schedule I chartered banks and, as a result, management of IGM has determined that its overall credit risk related to derivatives was not significant at December 31, 2025. Management of credit risk related to derivatives has not changed materially since December 31, 2024.

MARKET RISK

Foreign Exchange Risk

IGM is exposed to foreign exchange risk on its investments in ChinaAMC and Rockefeller. Changes to the carrying value due to changes in foreign exchange rates are recognized in other comprehensive income. As of December 31, 2025, a 5% appreciation in Canadian currency relative to foreign currencies would decrease the aggregate carrying value of foreign investments by approximately \$120 million (\$133 million in 2024).

Interest Rate Risk

IGM is exposed to interest rate risk on its loan portfolio and on certain of the derivative financial instruments used in IGM's mortgage banking operations.

NOTE 23 RISK MANAGEMENT (continued)

IGM manages interest rate risk associated with its mortgage banking operations by entering into interest rate swaps with Canadian Schedule I chartered banks as follows:

- IGM has in certain instances funded floating rate mortgages with fixed rate Canada Mortgage Bonds (CMB) as part of the securitization transactions under the CMB Program. As part of the CMB Program, IGM is party to a swap whereby it is entitled to receive investment returns on reinvested mortgage principal and is obligated to pay CMB coupons. This swap had a fair value of negative \$4.4 million (negative \$3.6 million in 2024) and an outstanding notional value of \$0.2 billion at December 31, 2025 (\$0.3 billion in 2024). IGM enters into interest rate swaps with Canadian Schedule I chartered banks to hedge the risk that the interest rates earned on floating rate mortgages and reinvestment returns decline. The fair value of these swaps totalled negative \$0.3 million (negative \$4.3 million in 2024), on an outstanding notional amount of \$1.2 billion at December 31, 2025 (\$1.4 billion in 2024). The net fair value of these swaps recorded on the balance sheets was negative \$4.7 million at December 31, 2025 (negative \$7.9 million in 2024) and had an outstanding notional amount of \$1.4 billion at December 31, 2025 (\$1.7 billion in 2024).
- IGM is exposed to the impact that changes in interest rates may have on the value of mortgages committed to or held pending sale or securitization to long-term funding sources. IGM enters into interest rate swaps to hedge the interest rate risk related to funding costs for mortgages held by IGM pending sale or securitization. The fair value of these swaps was negative \$0.1 million (negative \$1.1 million in 2024) on an outstanding notional amount of \$157 million at December 31, 2025 (\$166 million in 2024).

As at December 31, 2025, the impact to net earnings of a 100 basis point increase in interest rates would have been an increase of approximately \$0.2 million (increase of \$0.5 million in 2024). IGM's exposure to and management of interest rate risk have not changed materially since December 31, 2024.

Equity Risk

IGM is exposed to equity risk on its equity investments which are classified as FVPL and on its investments in associates, which are accounted for using the equity method.

IGM sponsors a number of deferred compensation arrangements where payments to participants are deferred and linked to the performance of the common shares of IGM Financial Inc. IGM hedges its exposure to this risk through the use of forward agreements and total return swaps.

Risks Related to Assets Under Management and Advisement

Risks related to the performance of the equity markets, changes in interest rates and changes in foreign currencies relative to the Canadian dollar can have a significant impact on the level and mix of assets under management and advisement. These changes in assets under management and advisement directly impact earnings of IGM.

NOTE 24 INSURANCE REVENUE

	Years ended December 31,	
	2025	2024
Contracts not measured under the PAA		
Amounts relating to changes in liabilities for remaining coverage		
Experience adjustments	(100)	(61)
CSM recognized for services provided	1,357	1,262
Change in risk adjustment for non-financial risk for risk expired	624	624
Expected incurred claims and other insurance service expenses	9,927	9,527
Recovery of insurance acquisition cash flows	658	588
	12,466	11,940
Contracts measured under the PAA		
	9,855	9,274
Total insurance revenue	22,321	21,214

NOTE 25 INSURANCE SERVICE AND OPERATING AND ADMINISTRATIVE EXPENSES

	Years ended December 31,	
	2025	2024 ¹
Claims and benefits incurred	15,256	14,598
Allocation of premium directly to recovery of insurance acquisition cash flows	843	748
Adjustments to the liability for incurred claims	(820)	(773)
Losses and reversal of losses on onerous insurance contracts	213	97
Salaries and other employee benefits	6,839	6,457
General and administrative	4,787	3,225
Amortization, depreciation and impairment	1,009	1,319
Commissions	2,911	3,023
Restructuring and other	379	136
Total expenses	31,417	28,830
Represented by:		
Insurance service expenses	17,239	16,368
Operating and administrative expenses	14,178	12,462
Total expenses	31,417	28,830

¹ Certain comparative figures have been reclassified to conform with the current year's presentation.

RESTRUCTURING CHARGES

Restructuring expenses are recorded in operating and administrative expenses on the statements of earnings and include:

Lifeco

Lifeco undertakes a variety of initiatives related to operational restructuring, acquisition-related integration and technology and process modernization. Only the initiatives that qualify as formal restructuring programs in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, result in a provision. These provisions are described further below. Other restructuring and business transformation costs that do not qualify are expensed as incurred and are not included in the amounts described below.

Lifeco recorded restructuring provisions of \$361 million for the year ended December 31, 2025. The provisions recorded in 2025 are related to planned technology and efficiency initiatives intended to position Lifeco for future growth and expense savings, primarily driven by initiatives in Canada of \$226 million and Europe of \$107 million. Lifeco expects to complete these restructuring initiatives by the end of 2027.

For the year ended December 31, 2024, Lifeco recorded restructuring provisions of \$78 million.

Power Sustainable Manager Inc.

In 2024, Power Sustainable Manager Inc. realigned its strategies, which included a strategic decision to wind down its China public equity strategy and close its investment management operations in China. Power Sustainable Manager Inc. recorded a restructuring charge of \$14 million for the year ended December 31, 2024.

At December 31, 2025, the balance of restructuring provisions, including those above, amounts to \$376 million (\$148 million in 2024) and is recorded in other liabilities.

NOTE 26 FINANCING CHARGES

	Years ended December 31,	
	2025	2024
Interest on debentures and other debt instruments	731	686
Interest on lease liabilities	35	35
Interest on limited recourse capital notes ¹	27	54
Interest on capital trust debentures	11	11
Other	45	26
	849	812

¹ Beginning in the third quarter of 2025, interest on limited recourse capital notes is recognized as a deduction to equity when incurred.

NOTE 27 PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS**CHARACTERISTICS, FUNDING AND RISKS**

The Corporation and its subsidiaries maintain funded defined benefit pension plans for eligible employees and advisors as well as unfunded supplementary employee retirement plans (SERP) for eligible employees. The Corporation and its subsidiaries also maintain defined contribution pension plans for eligible employees and advisors.

The defined benefit pension plans provide pensions based on length of service and final average earnings; however, the defined benefit plans of the Corporation and its subsidiaries are closed to new entrants. Many of the defined benefit pension plans also no longer provide future defined benefit accruals. The Corporation and its subsidiaries' defined benefit plan exposure is expected to reduce in future years. Where defined benefit pension accruals continue, in most circumstances active plan participants share in the cost by making contributions in respect of current service. Certain pension payments are indexed either on 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, and assuming the plans are not terminated. Assets supporting the funded pension plans are held in separate trustee pension funds. Obligations for the wholly unfunded plans are supported by assets of the Corporation or its subsidiaries, as applicable.

New hires are only eligible for defined contribution benefits. The defined contribution pension plans provide pension benefits based on accumulated employee and employer contributions. Contributions to these plans are a set percentage of employees' annual income and may be subject to certain vesting requirements.

The Corporation and its subsidiaries also provide unfunded post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependents. The Corporation and its subsidiaries' plans were previously amended to limit which employees could become eligible to receive benefits and Lifeco's subsidiaries' plans are closed to new hires. The obligations for these benefits are supported by assets of the Corporation or its subsidiaries, as applicable.

The Corporation and its subsidiaries have pension and benefit committees or a trustee arrangement that provides oversight for the benefit plans. The benefit plans are monitored on an ongoing basis to assess the benefit, funding and investment policies, financial status, and funding requirements. Significant changes to benefit plans of the Corporation or of its subsidiaries require approval from the respective board of directors or committee thereof.

The Corporation and its subsidiaries' funding policy for the funded pension plans requires annual contributions equal to or greater than those required by the applicable regulations and plan provisions that govern the funding of the plans. Where funded plans have a net defined benefit asset, the Corporation and its subsidiaries determine if an economic benefit exists in the form of potential reductions in future contributions, the present value of future expenses to be paid from the plan and in the form of surplus refunds, where permitted by applicable regulation and plan provisions.

By their design, the defined benefit plans expose the Corporation and its subsidiaries to the typical risks faced by defined benefit plans, such as investment performance, changes to the discount rates used to value the obligations, longevity of plan members, and future inflation. Pension and benefit risk is managed by regular monitoring of the plans, applicable regulations and other factors that could impact the expenses and cash flows of the Corporation and its subsidiaries.

NOTE 27 PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (continued)

PLAN ASSETS, BENEFIT OBLIGATION AND FUNDED STATUS

	December 31, 2025		December 31, 2024	
	Defined benefit pension plans	Other post-employment benefits	Defined benefit pension plans	Other post-employment benefits
Change in fair value of plan assets				
Fair value of plan assets, beginning of year	7,786	-	7,590	-
Interest income	351	-	327	-
Employee contributions	22	-	24	-
Employer contributions	8	21	13	23
Actual return on assets greater (less) than interest income	(118)	-	163	-
Benefits paid	(426)	(21)	(380)	(23)
Settlements	(2)	-	(56)	-
Administrative expenses	(7)	-	(9)	-
Foreign exchange and other	133	-	114	-
Fair value of plan assets, end of year	7,747	-	7,786	-
Change in defined benefit obligation				
Defined benefit obligation, beginning of year	7,600	292	7,631	298
Current service cost	58	2	63	2
Employee contributions	22	-	24	-
Interest cost	340	12	333	13
Actuarial (gains) losses on:				
Financial assumption changes	(414)	(1)	(172)	-
Demographic assumption changes	95	9	(3)	(1)
Arising from member experience	13	(6)	52	2
Benefits paid	(426)	(21)	(380)	(23)
Curtailments and termination benefits	(3)	-	-	-
Settlements	(2)	-	(58)	-
Foreign exchange and other	127	(1)	110	1
Defined benefit obligation, end of year	7,410	286	7,600	292
Funded status				
Fund surplus (deficit)	337	(286)	186	(292)
Unrecognized amount due to asset ceiling (see below)	(231)	-	(177)	-
Accrued benefit asset (liability)	106	(286)	9	(292)

NOTE 27 PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (continued)

The aggregate defined benefit obligation of pension plans is as follows:

	December 31, 2025	December 31, 2024
Wholly or partly funded plans	6,817	7,012
Wholly unfunded plans	593	588

The net accrued benefit asset (liability) shown above is presented in these financial statements as follows:

	December 31, 2025			December 31, 2024		
	Defined benefit pension plans	Other post- employment benefits	Total	Defined benefit pension plans	Other post- employment benefits	Total
Pension benefit assets [Note 8]	686	-	686	610	-	610
Pension and other post-employment benefit liabilities [Note 17]	(580)	(286)	(866)	(601)	(292)	(893)
Accrued benefit asset (liability)	106	(286)	(180)	9	(292)	(283)

Under International Financial Reporting Interpretations Committee (IFRIC) 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, the Corporation and its subsidiaries must assess whether each pension plan's asset has economic benefit to the Corporation and its subsidiaries through future contribution reductions, the present value of future expenses to be paid from the plan, or surplus refunds; in the event the Corporation or its subsidiaries are not entitled to a benefit, a limit or "asset ceiling" is required on the balance sheet. The following provides a breakdown of the changes in the asset ceiling:

	December 31, 2025	December 31, 2024
Asset ceiling, beginning of year	177	213
Interest on asset ceiling	6	8
Change in asset ceiling	39	(48)
Foreign exchange rate changes	9	4
Asset ceiling, end of year	231	177

NOTE 27 PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (continued)**PENSION AND OTHER POST-EMPLOYMENT BENEFIT EXPENSE**

	December 31, 2025		December 31, 2024	
	Pension plans	Other post-employment benefits	Pension plans	Other post-employment benefits
Defined benefit current service cost	58	2	63	2
Net interest	(5)	12	14	13
Curtailments and settlements	(3)	-	(2)	-
Administrative expenses	7	-	9	-
Defined contribution current service cost	261	-	232	-
Expense recognized in net earnings	318	14	316	15
Actuarial (gains) losses recognized	(306)	2	(123)	1
Return on assets less (greater) than discount rate	118	-	(163)	-
Change in asset ceiling	39	-	(48)	-
Expense (income) recognized in other comprehensive income (loss)	(149)	2	(334)	1
Total expense (income)	169	16	(18)	16

In 2025, the Corporation and its subsidiaries incurred \$2 million of actuarial gains (\$1 million of actuarial gains in 2024) for pension plan remeasurements not included in the table shown above. This relates to the share of actuarial gains for investments in jointly controlled corporations and associates.

ASSET ALLOCATION BY MAJOR CATEGORY WEIGHTED BY PLAN ASSETS

Percentage (%)	Defined benefit pension plans	
	December 31, 2025	December 31, 2024
Equity securities	34	37
Debt securities	51	52
All other assets ¹	15	11
	100	100

¹ Includes \$404 million of buy-in annuities, of which \$305 million were purchased in 2025. These buy-in annuities were purchased by a subsidiary of the Corporation to cover the remaining of its future annuity payments.

No plan assets are directly invested in the Corporation's or subsidiaries' securities. Lifeco's plan assets include investments in segregated and other funds managed by subsidiaries of Lifeco of \$5,972 million at December 31, 2025 (\$5,971 million at December 31, 2024) of which \$5,972 million (\$5,970 million at December 31, 2024) are included in the balance sheets. Plan assets do not include any property occupied or other assets used by Lifeco. A portion of IGM's plan assets are invested in investment funds managed by IGM or related parties. A portion of Power Corporation and Power Financial's plan assets are invested in segregated funds managed by a subsidiary of Lifeco.

NOTE 27 PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (continued)**DETAILS OF DEFINED BENEFIT OBLIGATION****Portion of Defined Benefit Obligation Subject to Future Salary Increases**

	December 31, 2025		December 31, 2024	
	Defined benefit pension plans	Other post-employment benefits	Defined benefit pension plans	Other post-employment benefits
Benefit obligation without future salary increases	6,972	286	7,085	292
Effect of assumed future salary increases	438	-	515	-
Defined benefit obligation	7,410	286	7,600	292

Maturity Profile of Plan Membership

	December 31, 2025		December 31, 2024	
	Defined benefit pension plans	Other post-employment benefits	Defined benefit pension plans	Other post-employment benefits
Percentage (%)				
Actives	33	17	35	19
Deferred vesteds	14	-	14	-
Retirees	53	83	51	81
Total	100	100	100	100
Weighted average duration of defined benefit obligation (in years)	13.5	9.4	14.5	9.9

CASH FLOW INFORMATION

The expected employer contributions (use of surplus) for the year 2026 are as follows:

	Pension plans	Other post-employment benefits
Funded (wholly or partly) defined benefit plans	(37)	-
Unfunded defined benefit plans	41	19
Defined contribution plans	290	-
Total	294	19

ACTUARIAL ASSUMPTIONS AND SENSITIVITIES**Actuarial Assumptions**

	December 31, 2025		December 31, 2024	
	Defined benefit pension plans	Other post-employment benefits	Defined benefit pension plans	Other post-employment benefits
Percentage (%)				
Range of discount rates				
To determine benefit cost	4.5 - 4.8	4.6 - 5.0	4.4 - 4.6	4.6 - 5.0
To determine defined benefit obligation at year-end	4.6 - 5.1	4.6 - 5.1	4.5 - 4.8	4.6 - 5.0
Weighted average assumptions used to determine benefit cost ¹				
Discount rate	4.6	4.7	4.5	4.7
Rate of compensation increase	3.4	-	3.4	-
Weighted average assumptions used to determine defined benefit obligation at year-end ¹				
Discount rate	4.9	4.8	4.6	4.7
Rate of compensation increase	3.3	-	3.4	-
Weighted average healthcare trend rates ¹				
Initial healthcare trend rate		4.7		4.8
Ultimate healthcare trend rate		3.8		3.8
Year ultimate trend rate is reached		2039		2039

¹ Weighted based on the obligations of each plan.

NOTE 27 PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (continued)

Sample Life Expectancies Based on Mortality Assumptions

	December 31, 2025		December 31, 2024	
	Defined benefit pension plans	Other post-employment benefits	Defined benefit pension plans	Other post-employment benefits
Weighted average life expectancies based on mortality assumptions ¹ :				
Male				
Age 65 in fiscal year	23.3	23.5	22.9	22.8
Age 65 for those age 35 in the fiscal year	25.4	25.5	24.7	24.2
Female				
Age 65 in fiscal year	25.5	25.8	25.0	25.0
Age 65 for those age 35 in the fiscal year	27.6	27.8	26.9	26.5

1 Weighted based on the obligations of each plan.

Mortality assumptions are significant in measuring the defined benefit obligation for defined benefit plans. 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. The mortality assumptions applied by the Corporation and its subsidiaries take into consideration average life expectancy, including allowances for future longevity improvements as appropriate, and reflect variations in such factors as age, gender and geographic location.

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

The calculation of the defined benefit obligation is sensitive to the mortality assumptions. The effect of a one-year increase in life expectancy would be an increase in the defined benefit obligation of \$208 million for the defined benefit pension plans and \$8 million for the other post-employment benefits (\$215 million and \$7 million in 2024, respectively).

Impact of Changes to Assumptions on Defined Benefit Obligation

	December 31, 2025		December 31, 2024	
	1% increase	1% decrease	1% increase	1% decrease
Defined benefit pension plans:				
Impact of a change to the discount rate	(871)	1,070	(949)	1,180
Impact of a change to the rate of compensation increase	163	(151)	192	(176)
Impact of a change to the rate of inflation	389	(343)	410	(362)
Other post-employment benefits:				
Impact of a change to the discount rate	(24)	28	(26)	30
Impact of a change to assumed medical cost trend rates	16	(15)	17	(15)

To measure the impact of a change in an assumption, all other assumptions were held constant. It would be expected that there would be interaction between at least some of the assumptions and therefore the sensitivity analysis presented may not be representative of the actual change.

NOTE 28 DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of managing exposure to fluctuations in interest and foreign exchange rates, and to market risks, the Corporation and its subsidiaries are end-users of various derivative financial instruments. Contracts are either exchange traded or over-the-counter with counterparties that are credit-worthy financial intermediaries.

The following tables summarize the portfolio of derivative financial instruments of the Corporation and its subsidiaries:

December 31, 2025	Notional amount				Carrying value	
	1 year or less	1-5 years	Over 5 years	Total	Assets	Liabilities
Derivatives not designated as accounting hedges						
Interest rate contracts						
Swaps	1,284	3,952	8,998	14,234	180	(575)
Options purchased	206	822	3,218	4,246	38	-
Bond forwards	-	-	372	372	1	(6)
Futures - short	153	-	-	153	-	-
	1,643	4,774	12,588	19,005	219	(581)
Foreign exchange contracts						
Cross-currency swaps	3,462	8,688	22,011	34,161	1,232	(1,549)
Forward contracts	8,312	559	-	8,871	91	(33)
Options written	127	-	-	127	-	-
	11,901	9,247	22,011	43,159	1,323	(1,582)
Other derivative contracts						
Equity contracts	1,400	279	-	1,679	246	-
Futures - long	18	-	-	18	-	-
Futures - short	688	-	-	688	2	(3)
Equity options purchased	1,459	1,435	-	2,894	23	-
Equity options written	-	-	-	-	-	(103)
Credit default swaps	-	685	-	685	1	-
	3,565	2,399	-	5,964	272	(106)
	17,109	16,420	34,599	68,128	1,814	(2,269)
Fair value hedges						
Foreign currency risk						
Foreign exchange contracts						
Forward contracts	81	-	-	81	2	-
Cash flow hedges						
Interest rate risk						
Interest rate contracts						
Swaps	-	101	1,231	1,332	42	(2)
Foreign currency risk						
Foreign exchange contracts						
Cross-currency swaps	9	7	-	16	-	-
Forward contracts	193	506	-	699	4	(5)
Equity risk						
Other derivative contracts						
Equity contracts	256	399	-	655	375	-
	458	1,013	1,231	2,702	421	(7)
Net investment hedges						
Foreign currency risk						
Foreign exchange contracts						
Cross-currency swaps	-	-	2,270	2,270	11	(152)
Forward contracts	1,971	1,128	-	3,099	42	(10)
	1,971	1,128	2,270	5,369	53	(162)
	19,619	18,561	38,100	76,280	2,290	(2,438)

NOTE 28 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

December 31, 2024	Notional amount				Carrying value	
	1 year or less	1-5 years	Over 5 years	Total	Assets	Liabilities
Derivatives not designated as accounting hedges						
Interest rate contracts						
Swaps	1,293	3,674	7,126	12,093	266	(367)
Options purchased	216	864	2,159	3,239	90	-
Options written	150	-	-	150	-	(1)
Futures – short	159	-	-	159	-	-
	1,818	4,538	9,285	15,641	356	(368)
Foreign exchange contracts						
Cross-currency swaps	3,776	9,416	20,514	33,706	1,862	(1,402)
Forward contracts	5,960	7	-	5,967	16	(225)
Options written	109	-	-	109	-	-
	9,845	9,423	20,514	39,782	1,878	(1,627)
Other derivative contracts						
Equity contracts	1,774	773	-	2,547	80	(18)
Futures – long	14	-	-	14	-	-
Futures – short	599	-	-	599	-	-
Equity options written	-	1,509	-	1,509	28	-
Credit default swaps	-	746	13	759	1	-
	2,387	3,028	13	5,428	109	(18)
	14,050	16,989	29,812	60,851	2,343	(2,013)
Fair value hedges						
Foreign currency risk						
Foreign exchange contracts						
Forward contracts	79	-	-	79	-	(3)
Cash flow hedges						
Interest rate risk						
Interest rate contracts						
Swaps	-	145	1,255	1,400	15	(15)
Foreign currency risk						
Foreign exchange contracts						
Cross-currency swaps	46	25	-	71	6	-
Forward contracts	-	267	-	267	1	-
Equity risk						
Other derivative contracts						
Equity contracts	169	336	-	505	132	-
	215	773	1,255	2,243	154	(15)
Net investment hedges						
Foreign currency risk						
Foreign exchange contracts						
Cross-currency swaps	-	-	2,270	2,270	103	(61)
Forward contracts	2,353	547	-	2,900	37	(88)
	2,353	547	2,270	5,170	140	(149)
	16,697	18,309	33,337	68,343	2,637	(2,180)

The amount subject to maximum credit risk is limited to the current fair value of the instruments which are in a gain position (assets). The maximum credit risk represents the total cost of all derivative contracts with positive values and does not reflect actual or expected losses. The total assets and liabilities represents the total amount that the Corporation and its subsidiaries would receive (or pay) to terminate all agreements at year-end. However, this would not result in a gain or loss to the Corporation and its subsidiaries as the derivative instruments which correlate to certain assets and liabilities provide offsetting gains or losses.

NOTE 28 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**DERIVATIVES DESIGNATED AS ACCOUNTING HEDGES**

The following tables provide further details on the portfolio of derivative financial instruments designated as accounting hedges by the Corporation and its subsidiaries:

December 31, 2025 [exchange rates are expressed in dollar terms]	Notional amount			
	1 year or less	1-5 years	Over 5 years	Total
Fair value hedges				
Foreign currency risk				
Foreign exchange contracts				
Forward contracts	81	-	-	81
Weighted average USD-CAD exchange rate	1.41	-	-	1.41
Cash flow hedges				
Interest rate risk				
Interest rate contracts				
Swaps	-	101	1,231	1,332
Weighted average fixed interest rate (%)	-	2.94	3.27	3.25
Foreign currency risk				
Foreign exchange contracts				
Forward contracts	193	506	-	699
Weighted average USD-CAD exchange rate	-	1.37	-	1.37
Weighted average CHF-USD exchange rate	1.25	-	-	1.25
Cross-currency swaps	9	7	-	16
Weighted average USD-EUR exchange rate	0.92	-	-	0.92
Weighted average USD-GBP exchange rate	-	0.76	-	0.76
Equity risk				
Other derivative contracts				
Equity contracts	256	399	-	655
Weighted average share price (POW) (\$/share)	52.39	48.75	-	51.87
Weighted average share price (GWO) (\$/share)	36.69	47.53	-	43.75
Weighted average share price (IGM) (\$/share)	48.72	45.75	-	46.73
Net investment hedges				
Foreign currency risk				
Foreign exchange contracts				
Cross-currency swaps	-	-	2,270	2,270
Weighted average EUR-CAD exchange rate	-	-	1.41	1.41
Weighted average GBP-CAD exchange rate	-	-	1.73	1.73
Forward contracts	1,971	1,128	-	3,099
Weighted average USD-CAD exchange rate	1.37	1.37	-	1.37
Weighted average EUR-GBP exchange rate	0.87	0.87	-	0.87

NOTE 28 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

December 31, 2024 [exchange rates are expressed in dollar terms]	Notional amount			
	1 year or less	1-5 years	Over 5 years	Total
Fair value hedges				
Foreign currency risk				
Foreign exchange contracts				
Forward contracts	79	-	-	79
Weighted average USD-CAD exchange rate	1.37	-	-	1.37
Cash flow hedges				
Interest rate risk				
Interest rate contracts				
Swaps	-	145	1,255	1,400
Weighted average fixed interest rate (%)	-	2.92	3.29	3.25
Foreign currency risk				
Foreign exchange contracts				
Forward contracts	-	267	-	267
Weighted average USD-CAD exchange rate	-	1.40	-	1.40
Cross-currency swaps	46	25	-	71
Weighted average USD-AUD exchange rate	1.33	-	-	1.33
Weighted average USD-CAD exchange rate	1.26	-	-	1.26
Weighted average USD-EUR exchange rate	0.91	0.92	-	0.91
Weighted average USD-GBP exchange rate	0.76	0.76	-	0.76
Equity risk				
Other derivative contracts				
Equity contracts	169	336	-	505
Weighted average share price (POW) (\$/share)	35.12	32.39	-	34.27
Weighted average share price (GWO) (\$/share)	38.71	39.40	-	39.17
Weighted average share price (IGM) (\$/share)	47.84	45.02	-	45.77
Net investment hedges				
Foreign currency risk				
Foreign exchange contracts				
Cross-currency swaps	-	-	2,270	2,270
Weighted average EUR-CAD exchange rate	-	-	1.41	1.41
Weighted average GBP-CAD exchange rate	-	-	1.73	1.73
Forward contracts	2,353	547	-	2,900
Weighted average USD-CAD exchange rate	1.37	-	-	1.37
Weighted average EUR-GBP exchange rate	0.83	0.83	-	0.83

NOTE 28 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The Corporation and its subsidiaries use the following derivatives:

Type	Purpose
Interest rate contracts	Interest rate swaps, futures and options are used as part of a portfolio of assets to manage interest rate risk associated with investment activities and insurance and investment contract liabilities and to reduce the impact of fluctuating interest rates on the mortgage banking operations, intermediary operations and debt instruments. Interest rate swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which payments are based. Call options grant the Corporation and its subsidiaries the right to enter into a swap with predetermined fixed rate payments over a predetermined time period on the exercise date. Call options are used to manage the variability in future interest payments due to a change in credited interest rates and the related potential change in cash flows due to surrenders. Call options are also used to hedge minimum rate guarantees, debt instruments and hedging costs of deferred compensation arrangements.
Foreign exchange contracts	Cross-currency swaps are used in combination with other investments to manage foreign exchange risk associated with investment activities and insurance and investment contract liabilities. Under these swaps, principal amounts and fixed or floating interest payments may be exchanged in different currencies. Cross-currency swaps are also used to hedge the Corporation and its subsidiaries' net investment in foreign operations. The Corporation and its subsidiaries may also enter into certain foreign exchange forward contracts to hedge certain product liabilities and future cash flows.
Other derivative contracts	Equity index swaps, futures and options are used to hedge certain product liabilities. Equity index swaps are also used as substitutes for cash instruments and are used to periodically hedge the market risk associated with certain fee income. Equity put options are used to manage the potential credit risk impact of significant declines in certain equity markets. Equity forward agreements and total return swaps are used to manage exposure to fluctuations in the total return of common shares related to deferred compensation arrangements. Forward agreements are contractual agreements to buy or sell a financial instrument on a future date at a specified price. Total return swaps require the exchange of net contractual payments periodically or at maturity without the exchange of the notional principal amounts on which the payments are based. Certain of these instruments are not designated as hedges.

HEDGE ACCOUNTING**Fair Value Hedges**

The ineffective portion of fair value hedges recognized in the net investment result, which includes foreign exchange contracts, was nil during 2025 and 2024.

Cash Flow Hedges

The ineffective portion of the cash flow hedges, which include interest rate contracts, foreign exchange contracts, and equity total return swap contracts, was not significant during 2025 and 2024, and the anticipated net gains (losses) expected to be reclassified out of other comprehensive income within the next twelve months are not significant. The maximum time frame for which variable cash flows are hedged is 22 years.

NOTE 28 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**NET INVESTMENT HEDGES**

The effects of the net investment hedges on the statements of earnings and statements of comprehensive income are shown in the following tables.

	Change in fair value of hedged items for ineffectiveness measurement	Change in fair value of hedging instruments for ineffectiveness measurement	Gains (losses) deferred in other comprehensive income	Gains (losses) reclassified from other comprehensive income into net investment result	Ineffectiveness recognized in net investment result
December 31, 2025					
Euro-denominated debt	120	(120)	(120)	-	-
Cross-currency swaps	145	(145)	(145)	-	-
Foreign exchange forward contracts	(44)	44	44	-	-
	221	(221)	(221)	-	-

	Change in fair value of hedged items for ineffectiveness measurement	Change in fair value of hedging instruments for ineffectiveness measurement	Gains (losses) deferred in other comprehensive income	Gains (losses) reclassified from other comprehensive income into net investment result	Ineffectiveness recognized in net investment result
December 31, 2024					
Euro-denominated debt	30	(30)	(30)	-	-
Cross-currency swaps	85	(85)	(85)	-	-
Foreign exchange forward contracts	88	(88)	(88)	-	-
	203	(203)	(203)	-	-

NOTE 28 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**ENFORCEABLE MASTER NETTING AGREEMENTS OR SIMILAR AGREEMENTS**

The Corporation and its subsidiaries enter into the International Swaps and Derivative Association's (ISDA's) master agreements for transacting over-the-counter derivatives. The Corporation and its subsidiaries receive and pledge collateral according to the related ISDA's Credit Support Annexes. The ISDA's master agreements do not meet the criteria for offsetting on the balance sheets because they create a right of set-off that is enforceable only in the event of default, insolvency, or bankruptcy.

For exchange-traded derivatives subject to derivative clearing agreements with exchanges and clearing houses, there is no provision for set-off at default. Initial margin is excluded from the tables below as it would become part of a pooled settlement process.

The following disclosure shows the potential effect on the balance sheets of financial instruments that have been shown in a gross position where right of set-off exists under certain circumstances that do not qualify for netting on the balance sheets.

	December 31, 2025			
	Gross amount of financial instruments presented in the balance sheet	Related amounts not set off in the balance sheet		Net exposure
		Offsetting counterparty position ¹	Financial collateral received / pledged ²	
Financial instruments - assets				
Derivative financial instruments	2,290	(1,246)	(485)	559
	2,290	(1,246)	(485)	559
Financial instruments - liabilities				
Derivative financial instruments	2,438	(1,246)	(669)	523
	2,438	(1,246)	(669)	523

	December 31, 2024			
	Gross amount of financial instruments presented in the balance sheet	Related amounts not set off in the balance sheet		Net exposure
		Offsetting counterparty position ¹	Financial collateral received / pledged ²	
Financial instruments - assets				
Derivative financial instruments	2,637	(1,134)	(1,130)	373
	2,637	(1,134)	(1,130)	373
Financial instruments - liabilities				
Derivative financial instruments	2,180	(1,134)	(628)	418
	2,180	(1,134)	(628)	418

¹ Includes counterparty amounts recognized on the balance sheets where the Corporation and its subsidiaries have a potential offsetting position (as described above) but does not meet the criteria for offsetting on the balance sheets, excluding collateral.

² Financial collateral presented above excludes overcollateralization and, for exchange-traded derivatives, initial margin. At December 31, 2025, total financial collateral, including initial margin and overcollateralization, received on derivative assets was \$1,427 million (\$1,732 million at December 31, 2024), and pledged on derivative liabilities was \$2,501 million (\$2,068 million at December 31, 2024).

NOTE 29 FAIR VALUE MEASUREMENT

The Corporation's assets and liabilities recorded at fair value and those for which fair value is disclosed have been categorized based upon the following fair value hierarchy:

Level	Definition	Financial assets and liabilities
Level 1	Utilize observable, unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.	- actively exchange-traded equity securities; - exchange-traded futures; - mutual and segregated funds which have available prices in an active market with no redemption restrictions; - open-end investment fund units and other financial liabilities in instances where there are quoted prices available from active markets.
Level 2	Utilize other-than-quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other-than-quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.	- assets and liabilities priced using a matrix which is based on credit quality and average life; - government and agency securities; - restricted shares; - certain private bonds and investment funds; - most investment-grade and high-yield corporate bonds; - most asset-backed securities; - most over-the-counter derivatives; - most mortgage and other loans; - deposits and certificates; - most debentures and other debt instruments; - most of the investment contracts that are measured at FVPL; - notes issued by consolidated CLOs; - certain limited-life and redeemable fund units.
Level 3	Utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single-broker quotes, internal pricing models, external appraisers or by discounting projected cash flows.	- certain bonds; - certain asset-backed securities; - certain private equities; - certain investments in jointly controlled corporations and associates; - certain mortgage and other loans, including equity-release mortgages; - investments in mutual and segregated funds where there are redemption restrictions; - certain over-the-counter derivatives; - investment properties; - obligations to securitization entities; - most of the limited-life and redeemable fund units.

The Corporation's assets and liabilities recorded or disclosed at fair value, including their levels in the fair value hierarchy using the valuation methods and assumptions described in the summary of significant accounting policies (Note 2) and above, are presented below. Fair values represent management's estimates and are generally calculated using market information at a specific point in time and may not reflect future fair values. The calculations are subjective in nature and involve uncertainties and matters of significant judgment.

NOTE 29 FAIR VALUE MEASUREMENT (continued)

The following tables distinguish between assets and liabilities recorded at fair value on a recurring basis and those for which fair value is disclosed. These tables exclude fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value. Items excluded are: cash and cash equivalents, dividends, accounts and interest receivable, securities borrowed, funds held on behalf of clients, certain other financial assets, accounts payable, dividends and interest payable, securities loaned and certain other financial liabilities.

December 31, 2025	Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Assets recorded at fair value					
Bonds					
FVPL	161,232	-	161,041	191	161,232
FVOCI	13,040	-	13,040	-	13,040
Mortgage and other loans					
FVPL	32,489	-	26,139	6,350	32,489
FVOCI	269	-	269	-	269
Shares					
FVPL	21,301	12,751	183	8,367	21,301
FVOCI	1,043	1,033	-	10	1,043
Investment in jointly controlled corporations and associates ¹	1,452	-	-	1,452	1,452
Investment properties	8,493	-	-	8,493	8,493
Derivative instruments	2,290	2	2,285	3	2,290
Trading account assets	3,995	244	3,751	-	3,995
Other assets	849	-	615	234	849
	246,453	14,030	207,323	25,100	246,453
Assets disclosed at fair value					
Bonds					
Amortized cost	595	-	596	-	596
Mortgage and other loans					
Amortized cost	11,287	-	6,074	4,890	10,964
	11,882	-	6,670	4,890	11,560
Total	258,335	14,030	213,993	29,990	258,013
Liabilities					
Liabilities recorded at fair value					
Investment contract liabilities	89,042	-	89,042	-	89,042
Derivative instruments	2,438	3	2,428	7	2,438
Collateralized loan obligation liabilities	3,904	-	3,904	-	3,904
Limited-life and redeemable fund units	4,128	-	-	4,128	4,128
Lifeco's other debt instruments	51	-	51	-	51
Consolidated investment funds' other debt instruments	86	-	86	-	86
Other liabilities	649	-	624	25	649
	100,298	3	96,135	4,160	100,298
Liabilities disclosed at fair value					
Obligations to securitization entities	4,815	-	-	4,916	4,916
Power Corporation's debentures and other debt instruments	647	-	682	-	682
Non-recourse debentures and other debt instruments of:					
Power Financial, Lifeco and IGM	11,303	273	10,516	-	10,789
Consolidated investment funds and Other	4,060	-	4,006	-	4,006
Client funds payable	25,793	-	25,793	-	25,793
Other liabilities	514	-	-	514	514
	47,132	273	40,997	5,430	46,700
Total	147,430	276	137,132	9,590	146,998

¹ Represents investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization, which have been elected to be measured at FVPL.

NOTE 29 FAIR VALUE MEASUREMENT (continued)

December 31, 2024	Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Assets recorded at fair value					
Bonds					
FVPL	153,266	-	153,088	178	153,266
FVOCI	13,758	-	13,758	-	13,758
Mortgage and other loans					
FVPL	33,932	-	28,790	5,142	33,932
FVOCI	461	-	461	-	461
Shares					
FVPL	18,649	11,174	260	7,215	18,649
FVOCI	923	923	-	-	923
Investment in jointly controlled corporations and associates ¹	950	-	-	950	950
Investment properties	8,350	-	-	8,350	8,350
Derivative instruments	2,637	1	2,630	6	2,637
Trading account assets	3,701	252	3,449	-	3,701
Other assets	395	-	219	176	395
	237,022	12,350	202,655	22,017	237,022
Assets disclosed at fair value					
Bonds					
Amortized cost	376	-	377	-	377
Mortgage and other loans					
Amortized cost	10,272	-	4,607	5,078	9,685
	10,648	-	4,984	5,078	10,062
Total	247,670	12,350	207,639	27,095	247,084
Liabilities					
Liabilities recorded at fair value					
Investment contract liabilities	90,157	-	90,157	-	90,157
Derivative instruments	2,180	-	2,171	9	2,180
Collateralized loan obligation liabilities	3,791	-	3,791	-	3,791
Limited-life and redeemable fund units	2,928	-	22	2,906	2,928
Lifeco's other debt instruments	54	-	54	-	54
Consolidated investment funds' other debt instruments	43	-	43	-	43
Other liabilities	240	-	219	21	240
	99,393	-	96,457	2,936	99,393
Liabilities disclosed at fair value					
Obligations to securitization entities	5,025	-	-	5,098	5,098
Power Corporation's debentures and other debt instruments	647	-	703	-	703
Non-recourse debentures and other debt instruments of:					
Power Financial, Lifeco and IGM	11,977	143	11,192	-	11,335
Consolidated investment funds and Other	3,835	-	3,820	-	3,820
Client funds payable	16,605	-	16,605	-	16,605
Other liabilities	424	-	-	424	424
	38,513	143	32,320	5,522	37,985
Total	137,906	143	128,777	8,458	137,378

¹ Represents investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization, which have been elected to be measured at FVPL.

There were no significant transfers between Level 1 and Level 2 in 2025 and 2024.

NOTE 29 FAIR VALUE MEASUREMENT (continued)

Additional information about assets and liabilities measured at fair value on a recurring basis for which the Corporation and its subsidiaries have utilized Level 3 inputs to determine fair value for the years ended December 31, 2025 and 2024 is presented below.

December 31, 2025	Bonds	Mortgage and other loans	Shares and investments in jointly controlled corporations and associates		Investment properties	Derivatives, net	Limited-life and redeemable fund units	Assets held for sale	Other assets (liabilities)	Total
	FVPL	FVPL	FVPL ²	FVOCI						
Balance, beginning of year	178	5,142	8,165	-	8,350	(3)	(2,906)	-	155	19,081
Total gains (losses)										
Net earnings	(8)	291	1,104	-	(137)	3	(681)	-	-	572
Other comprehensive income ¹	8	62	(189)	6	(48)	-	100	-	(10)	(71)
Business acquisition	-	-	-	-	-	-	-	-	136	136
Purchases	(69)	452	1,754	2	741	(2)	-	-	7	2,885
Issues	-	739	-	-	-	-	(889)	-	-	(150)
Sales	(5)	-	(1,006)	26	(439)	-	-	-	-	(1,424)
Settlements	64	(415)	-	(26)	-	(2)	245	-	(79)	(213)
Transferred from owner-occupied properties	-	-	-	-	26	-	-	-	-	26
Transfers into Level 3	78	-	6	-	-	-	-	-	-	84
Other	(55)	79	(15)	2	-	-	3	-	-	14
Balance, end of year	191	6,350	9,819	10	8,493	(4)	(4,128)	-	209	20,940

1 Amount of other comprehensive income for FVPL investments, investment properties, limited-life and redeemable fund units and other assets and liabilities represents the unrealized gains (losses) on foreign exchange.

2 Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

December 31, 2024	Bonds	Mortgage and other loans	Shares and investments in jointly controlled corporations and associates		Investment properties	Derivatives, net	Limited-life and redeemable fund units	Assets held for sale	Other assets (liabilities)	Total
	FVPL	FVPL	FVPL ²	FVOCI						
Balance, beginning of year	252	4,248	5,797	-	7,870	8	(1,815)	907	(64)	17,203
Total gains (losses)										
Net earnings	7	196	799	-	(154)	(12)	(143)	-	86	779
Other comprehensive income ¹	-	169	218	-	270	-	(119)	-	9	547
Business acquisition	-	-	-	-	-	-	(177)	-	-	(177)
Purchases	29	327	1,969	-	707	(2)	-	-	130	3,160
Sale of discontinued operations	-	-	-	-	-	-	-	(907)	-	(907)
Issues	-	481	-	-	-	-	(771)	-	-	(290)
Sales	(27)	(41)	(563)	-	(334)	-	-	-	-	(965)
Settlements	-	(227)	-	-	-	3	118	-	-	(106)
Transferred to owner-occupied properties	-	-	-	-	(9)	-	-	-	-	(9)
Transfers into Level 3	-	-	1	-	-	-	-	-	-	1
Transfers out of Level 3	(83)	-	-	-	-	-	-	-	-	(83)
Other	-	(11)	(56)	-	-	-	1	-	(6)	(72)
Balance, end of year	178	5,142	8,165	-	8,350	(3)	(2,906)	-	155	19,081

1 Amount of other comprehensive income for FVPL investments, investment properties, limited-life and redeemable fund units and other assets and liabilities represents the unrealized gains (losses) on foreign exchange.

2 Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

NOTE 29 FAIR VALUE MEASUREMENT (continued)

Significant unobservable inputs used at year-end in measuring assets categorized as Level 3 in the fair value hierarchy are presented below.

Type of asset	Valuation approach	Significant unobservable input	Input value	Interrelationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate	Range of 4.5% - 13.1%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
		Reversionary rate	Range of 4.3% - 8.0%	A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.
		Vacancy rate	Weighted average of 8.5%	A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.
Mortgage and other loans - Equity-release mortgages (FVPL)	The valuation approach for equity-release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the cost of the no-negative-equity guarantee for each individual loan, to aggregate these across all loans and to discount those cash flows back to the valuation date. The projection is done monthly until expected redemption of the loan either voluntarily or on the death/entering into long-term care of the loanholders.	Discount rate	Range of 4.7% - 6.4%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
Shares and investments in jointly controlled corporations and associates (FVPL)	The determination of the fair value of shares requires the use of estimates such as future cash flows, discount rates, projected earnings multiples, or recent transactions.	Discount rate and earnings multiples	Various	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
Limited-life and redeemable fund units	The determination of the fair value of the limited-life and redeemable fund units is based on the fair value of the underlying fund's investments.	Discount rate and earnings multiples	Various	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

NOTE 30 OTHER COMPREHENSIVE INCOME

Year ended December 31, 2025	Items that may be reclassified subsequently to net earnings				Items that will not be reclassified to net earnings			Total
	Investment revaluation	Cash flow hedges	Foreign currency translation	Share of jointly controlled corporations and associates	Investment revaluation	Actuarial gains (losses) on defined benefit pension plans and other	Share of jointly controlled corporations and associates	
Balance, beginning of year	(174)	32	1,778	18	(285)	8	626	2,003
Other comprehensive income (loss)	82	86	(344)	229	113	62	(255)	(27)
Realized gains on FVOCI equity instruments transferred to retained earnings	-	-	-	-	-	-	(29)	(29)
Other	(1)	-	15	(51)	(3)	-	17	(23)
Balance, end of year	(93)	118	1,449	196	(175)	70	359	1,924

Year ended December 31, 2024	Items that may be reclassified subsequently to net earnings				Items that will not be reclassified to net earnings			Total
	Investment revaluation	Cash flow hedges	Foreign currency translation	Share of jointly controlled corporations and associates	Investment revaluation	Actuarial gains (losses) on defined benefit pension plans and other	Share of jointly controlled corporations and associates	
Balance, beginning of year	(206)	25	1,115	(276)	(36)	(150)	1,024	1,496
Other comprehensive income (loss)	32	7	663	341	(290)	158	(149)	762
Realized (gains) losses on FVOCI equity instruments transferred to retained earnings	-	-	-	-	41	-	(279)	(238)
Other	-	-	-	(47)	-	-	30	(17)
Balance, end of year	(174)	32	1,778	18	(285)	8	626	2,003

NOTE 31 EARNINGS PER SHARE

The following is a reconciliation of the numerators and the denominators used in the computations of earnings per share:

	Years ended December 31,	
	2025	2024
Earnings		
Net earnings attributable to shareholders	2,627	2,795
Dividends on non-participating shares	(55)	(52)
Net earnings attributable to participating shareholders	2,572	2,743
Net loss attributable to participating shareholders from discontinued operations	-	79
Net gain attributable to participating shareholders from disposal of discontinued operations	-	(30)
Net earnings attributable to participating shareholders from continuing operations	2,572	2,792
Dilutive effect of subsidiaries' outstanding stock options	(16)	(10)
Effect of equity-settled method for TSARs and PRSUs ¹	(10)	(1)
Net earnings adjusted for dilutive effect from continuing operations	2,546	2,781
Number of participating shares [millions]		
Weighted average number of participating shares outstanding - Basic	640.9	648.1
Effect of potential exercise of outstanding stock options and PRSUs	5.5	3.9
Weighted average number of participating shares outstanding - Diluted	646.4	652.0
Net earnings per participating share from continuing operations		
Basic	4.01	4.31
Diluted	3.94	4.27
Net earnings per participating share		
Basic	4.01	4.23
Diluted	3.94	4.19

¹ Options with TSARs and PRSUs are accounted for as cash-settled share-based payments. As these options or units can be exercised in exchange for subordinate voting shares or for cash, they are considered potentially dilutive and are included in the calculation of the diluted net earnings per share if they have a dilutive impact in the year, and the net earnings used in the diluted calculation is adjusted to reflect the expense had these options been classified as equity-settled.

For 2025, no stock options were excluded from the computation of diluted earnings per share as there were no options that were anti-dilutive (0.1 million were excluded from the calculations in 2024 as they were anti-dilutive).

NOTE 32 RELATED PARTIES**TRANSACTIONS WITH RELATED PARTIES**

In the normal course of business, Power Corporation and its subsidiaries enter into various transactions: subsidiaries provide insurance benefits, sub-advisory services, property management services, management of debt instruments, distribution of insurance products and/or other administrative services to other subsidiaries of the group and to the Corporation; employee ownership participations; loans to employees; as well as capital commitments to investment funds, including commitments from management, performance fees and base management fees paid to alternative asset managers of the group. In all cases, these transactions are in the normal course of operations and have been recorded at fair value. Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of other transactions between the Corporation and related parties are disclosed below.

On March 31, 2025, GBL acquired a 5% fully diluted interest in SHMI for a consideration of US\$33 million. This transaction was at market terms and conditions and was reviewed and approved by a committee of independent directors appointed by GBL's board of directors.

In the second quarter of 2025, wind projects which had been developed by Potentia were sold to Power Sustainable Energy Infrastructure in exchange for consideration in cash. This transaction did not have a material impact on the Corporation's financial statements.

Effective on September 3, 2025, the TSX approved an amendment that permitted Lifeco to purchase its shares from Power Financial and certain of Power Financial's wholly owned subsidiaries in connection with its NCIB, in order for Power Financial to maintain its approximate proportionate percentage ownership in Lifeco. At December 31, 2025, Lifeco had repurchased and cancelled 12,801,349 shares from Power Financial. This transaction did not have a material impact on the Corporation's financial statements.

Lifeco provides asset management, employee benefits and administrative services for employee benefit plans relating to pension and other post-employment benefits for employees of Power Corporation, Power Financial, and Lifeco and its subsidiaries.

KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. The persons included in the key management personnel are the members of the Board of Directors of the Corporation, as well as certain management executives of the Corporation and its subsidiaries.

The following table details all compensation paid to, awarded to, or earned by each of the key management personnel for services rendered in all capacities to the Corporation and its subsidiaries:

	Years ended December 31,	
	2025	2024
Compensation and employee benefits	34	33
Post-employment benefits	2	2
Share-based payments	19	22
	55	57

NOTE 33 CONTINGENT LIABILITIES

The Corporation and its subsidiaries are from time to time subject to legal actions, including arbitrations, class actions and regulatory matters. Provisions are established if, in management of the Corporation and of its subsidiaries' judgment, it is probable a payment will be required and the amount can be reliably estimated. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Corporation. However, based on information presently known, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Corporation. Actual results could differ from the best estimates of the Corporation's and its subsidiaries' management.

LIFECO

Subsidiaries of Lifeco in the United States are defendants in a class action relating to the costs and features of their retirement and fund products and the conduct of their businesses. Management of Lifeco believes the claim is without merit and will be vigorously defending these actions. Based on the information presently known, these actions will not have a material adverse effect on the financial position of the Corporation.

A proposed class action was filed against a subsidiary of Lifeco in Canada and other third-party defendants relating to the defendants' alleged use of a software application for setting rents in multi-family residential complexes. The plaintiff has agreed to discontinue the proposed class action on consent. The discontinuance is subject to Court approval.

IGM FINANCIAL

In late March 2023, IGM was notified by one of its third-party vendors, InvestorCOM Inc., that it was compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. IGM has notified impacted clients and offered credit monitoring at no cost for all clients. Four proposed class actions have been filed against Mackenzie concerning this incident, one of which was certified during 2025. Although it is difficult to predict the outcome of any such legal actions, based on current knowledge, it is not expected that the outcome of these matters will have a material adverse effect on the financial position of the Corporation.

NOTE 34 COMMITMENTS AND GUARANTEES**GUARANTEES**

In the normal course of operations, the Corporation and its subsidiaries execute agreements that provide for indemnifications to third parties in transactions such as business dispositions, business acquisitions, loans and securitization transactions and performance contract obligations. The Corporation and its subsidiaries have also agreed to indemnify their directors and certain of their officers. The nature of these agreements precludes the possibility of making a reasonable estimate of the maximum potential amount the Corporation and its subsidiaries could be required to pay third parties as the agreements often do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. Historically, the Corporation has not made any payments under such indemnification agreements. No provisions have been recognized related to these agreements.

LETTERS OF CREDIT

Letters of credit are written commitments provided by a bank. The total amount of letter of credit facilities at Lifeco is US\$1,723 million, of which US\$889 million were issued as of December 31, 2025.

The Capital and Risk Solutions activities also periodically use letters of credit as collateral under certain reinsurance contracts for on-balance-sheet policy liabilities.

Potentia and Power Sustainable Energy Infrastructure have issued letters of credit totalling \$297 million with one-year terms to support required lender reserves, performance guarantees for operating solar and wind assets, as well as commitments for projects under construction.

INVESTMENT COMMITMENTS

With respect to Lifeco, commitments of investment transactions made in the normal course of operations in accordance with policies and guidelines and that are to be disbursed upon fulfillment of certain contract conditions were \$6,794 million as at December 31, 2025, with \$6,469 million maturing within one year, \$194 million maturing within two years, \$46 million maturing within three years, \$28 million maturing within four years and \$57 million maturing within over five years.

The Corporation and other subsidiaries have outstanding commitments of \$613 million representing future capital contributions to investment funds and other investments.

PLEDGING OF ASSETS FOR REINSURANCE AGREEMENTS

In addition to the assets pledged by Lifeco disclosed elsewhere in the financial statements:

- (i) The amount of assets included in the Corporation's balance sheets which have a security interest by way of pledging is \$3,577 million (\$3,710 million at December 31, 2024) in respect of reinsurance agreements.

In addition, under certain reinsurance contracts, bonds presented in investments are held in trust and escrow accounts. Assets are placed in these accounts pursuant to the requirements of certain legal and contractual obligations to support contract liabilities assumed.

- (ii) Lifeco has pledged, in the normal course of business, \$68 million (\$74 million at December 31, 2024) of its assets for the purpose of providing collateral for the counterparty.

ENERGY SALES CONTRACTS

Power Sustainable Energy Infrastructure and Potentia have entered into various power purchase agreements (PPA) to sell substantially all electricity produced from its solar and wind projects to credit-rated counterparties. The contract rates are fixed for a period of 5 to 25 years.

Power Sustainable Energy Infrastructure has entered into purchase contracts related to projects under construction of \$1,140 million.

Power Sustainable Energy Infrastructure has issued certain indemnifications and guarantees in relation to projects in operation and under construction. These guarantees are non-recourse to the Corporation.

NOTE 35 SEGMENTED INFORMATION

The Corporation is an international management and holding company. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms.

As a holding company, the Corporation evaluates the performance of each operating segment based on its contribution to the earnings attributable to participating shareholders. The contribution to the earnings attributable to participating shareholders from Lifeco, IGM Financial, GBL, Sagard, Power Sustainable and other, represents the Corporation's share of their net earnings.

The Corporation's reportable segments include Lifeco and IGM Financial due to their quantitative contribution, and the Corporation also considers GBL as a reportable segment. Together, they represent the Corporation's investments in publicly traded operating companies. As well, the Corporation considers the Holding company to be a reportable segment.

- **Lifeco** is a financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management, and reinsurance businesses, primarily in Canada, the U.S. and Europe.
- **IGM Financial** is a leading wealth and asset management company supporting advisors and the clients they serve in Canada, and institutional investors globally.
- **GBL** is indirectly held through Parjointco. GBL is a Belgian investment holding company and leading investor in Europe. Its portfolio is comprised of a portfolio of listed, direct private and indirect private investments composed of global companies, which are leaders in their sectors.
- **Holding company** comprises the corporate activities of the Corporation and Power Financial, on a combined basis, and presents the investment activities of the Corporation including its investments in consolidated entities. The Holding company activities present the Holding company's assets and liabilities, including cash, investments, debentures and non-participating shares. The Holding company cash flows are primarily comprised of dividends received, income from investments and income (loss) from cash and cash equivalents, less operating expenses, financing charges, income taxes and non-participating and participating share dividends.

The Corporation's asset management activities through the investment platforms, Sagard and Power Sustainable, together with their investing activities, are presented on a combined basis in another category, Alternative asset investment platforms and other, as they do not qualify as reportable segments.

Alternative asset investment platforms and other are comprised of the results of:

- Alternative asset management businesses, Sagard and Power Sustainable;
- Investments managed by Sagard and Power Sustainable on behalf of the Corporation;
- Entities held through the alternative asset managers which are consolidated; and
- Standalone businesses.

Effect of consolidation represents the reconciliation between the measurement basis used for the presentation of the Holding company with the consolidated financial statements, as well as the intersegment elimination for investments under common control and other consolidation entries.

The segmented assets present the activities of the holding company, including its investments in consolidated entities, Lifeco and IGM, as well as other controlled entities, using the equity method of accounting as a measurement basis. These entities are consolidated in the Corporation's consolidated balance sheets. Common equity interests in Lifeco, IGM, and alternative asset investment platforms and other (intersegment investments) are included in their respective segment's assets.

Revenues and assets are attributed to geographic areas based on the point of origin of revenues and the location of assets.

NOTE 35 SEGMENTED INFORMATION (continued)

CONSOLIDATED NET EARNINGS

For the year ended December 31, 2025	Lifeco	IGM	GBL	Holding company	Alternative asset investment platforms and other	Effect of consolidation	Total
Segment revenue							
Insurance revenue ¹	22,321	-	-	-	-	-	22,321
Net investment income ²	9,798	49	-	25	691	45	10,608
Changes in fair value through profit or loss ²	3,907	(7)	-	9	469	(137)	4,241
Fee income ^{3 4}	7,895	3,779	-	-	856	(232)	12,298
Other ³	-	-	-	-	998	-	998
Total segment revenue	43,921	3,821	-	34	3,014	(324)	50,466
Other insurance and investment results							
Insurance service expenses ¹	(17,239)	-	-	-	-	-	(17,239)
Net expense from reinsurance contracts ¹	(1,703)	-	-	-	-	-	(1,703)
Net investment result from insurance activities ^{2 5}	(11,683)	-	-	-	-	-	(11,683)
Net investment result from insurance contracts on account of segregated fund policyholders	-	-	-	-	-	-	-
Total other insurance and investment results	(30,625)	-	-	-	-	-	(30,625)
Other expenses							
Operating and administrative expenses ⁴	8,277	2,560	-	216	3,372	(247)	14,178
Financing charges	379	129	-	54	281	6	849
Total other expenses	8,656	2,689	-	270	3,653	(241)	15,027
Earnings before investments in jointly controlled corporations and associates, and income taxes	4,640	1,132	-	(236)	(639)	(83)	4,814
Share of earnings (losses) of investments in jointly controlled corporations and associates	55	309	(263)	-	482	(121)	462
Earnings before income taxes	4,695	1,441	(263)	(236)	(157)	(204)	5,276
Income taxes	534	334	-	1	8	1	878
Net earnings	4,161	1,107	(263)	(237)	(165)	(205)	4,398
Attributable to							
Non-controlling interests	1,540	449	-	139	(152)	(205)	1,771
Non-participating shareholders	-	-	-	55	-	-	55
Participating shareholders ^{6 7}	2,621	658	(263)	(431)	(13)	-	2,572
	4,161	1,107	(263)	(237)	(165)	(205)	4,398

1 Included within insurance service result in the statements of earnings.

2 Included within net investment result in the statements of earnings.

3 Included within fee income and other revenues in the statements of earnings.

4 Dealer compensation expenses at IGM are included in operating and administrative expenses.

5 Includes net finance income (expenses) from insurance contracts, net finance income (expenses) from reinsurance contracts and changes in investment contract liabilities.

6 The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

7 The contribution from Lifeco and IGM includes an allocation for the results of investments under common ownership based on their respective interests.

NOTE 35 SEGMENTED INFORMATION (continued)

TOTAL ASSETS AND LIABILITIES

December 31, 2025	Lifeco	IGM	GBL	Holding company	Alternative asset investment platforms and other	Effect of consolidation	Total
Cash and cash equivalents	8,902	1,274	-	2,232	2,518	(560)	14,366
Investments	239,080	5,387	-	176	4,552	554	249,749
Investments in Lifeco, IGM and alternative asset investment platforms and other	1,499	3,067	-	23,183	-	(27,749)	-
Investments in jointly controlled corporations and associates	570	3,084	3,291	-	1,734	(544)	8,135
Other assets	45,413	5,662	-	626	29,100	(177)	80,624
Goodwill and intangible assets	16,359	3,947	-	1	1,385	-	21,692
Investments on account of segregated fund policyholders	551,169	-	-	-	-	-	551,169
Total assets¹	862,992	22,421	3,291	26,218	39,289	(28,476)	925,735
Insurance and investment contract liabilities	250,686	-	-	-	-	-	250,686
Obligations to securitization entities	-	4,815	-	-	-	-	4,815
Power Corporation's debentures and other debt instruments	-	-	-	647	-	-	647
Non-recourse debentures and other debt instruments of:							
Power Financial, Lifeco and IGM	8,792	2,400	-	250	-	(88)	11,354
Consolidated investment funds and Other	-	-	-	-	4,146	-	4,146
Other liabilities	19,178	6,149	-	1,350	32,327	(1,134)	57,870
Insurance and investment contracts on account of segregated fund policyholders	551,169	-	-	-	-	-	551,169
Total liabilities	829,825	13,364	-	2,247	36,473	(1,222)	880,687

1 Total assets of the Lifeco and IGM operating segments include the allocation of goodwill and certain consolidation adjustments.

TOTAL ASSETS AND TOTAL REVENUES BY GEOGRAPHIC LOCATION

December 31, 2025	United States	Canada	Europe and other	Total
Investments and cash and cash equivalents	96,218	113,679	54,218	264,115
Investments in jointly controlled corporations and associates	1,369	1,213	5,553	8,135
Other assets	31,735	39,815	9,074	80,624
Goodwill and intangible assets	7,056	11,127	3,509	21,692
Investments on account of segregated fund policyholders	234,212	125,176	191,781	551,169
Total assets	370,590	291,010	264,135	925,735
Total revenues	13,303	23,136	14,027	50,466

CONDENSED STATEMENTS OF CASH FLOWS

December 31, 2025	Lifeco	IGM	Holding company	Alternative asset investment platforms and other	Effect of consolidation	Total
Operating activities	2,708	1,035	1,791	961	(1,715)	4,780
Financing activities	(4,322)	(972)	(1,958)	1,307	2,274	(3,671)
Investing activities	(56)	301	793	(606)	(780)	(348)
Effect of changes in exchange rates on cash and cash equivalents	(137)	-	-	(2)	-	(139)
Increase (decrease) in cash and cash equivalents	(1,807)	364	626	1,660	(221)	622
Cash and cash equivalents, beginning of year	10,709	910	1,606	858	(339)	13,744
Cash and cash equivalents, end of year	8,902	1,274	2,232	2,518	(560)	14,366

NOTE 35 SEGMENTED INFORMATION (continued)

CONSOLIDATED NET EARNINGS

For the year ended December 31, 2024	Lifeco	IGM	GBL	Holding company	Alternative asset investment platforms and other	Effect of consolidation	Total
Segment revenue							
Insurance revenue ¹	21,214	-	-	-	-	-	21,214
Net investment income ²	9,616	47	-	73	572	52	10,360
Changes in fair value through profit or loss ²	1,676	6	-	14	245	(64)	1,877
Fee income ^{3 4}	7,224	3,438	-	-	607	(212)	11,057
Other ³	-	-	-	-	747	-	747
Total segment revenue	39,730	3,491	-	87	2,171	(224)	45,255
Other insurance and investment results							
Insurance service expenses ¹	(16,368)	-	-	-	-	-	(16,368)
Net expense from reinsurance contracts ¹	(1,599)	-	-	-	-	-	(1,599)
Net investment result from insurance activities ^{2 5}	(8,860)	-	-	-	-	-	(8,860)
Net investment result from insurance contracts on account of segregated fund policyholders	-	-	-	-	-	-	-
Total other insurance and investment results	(26,827)	-	-	-	-	-	(26,827)
Other expenses							
Operating and administrative expenses ⁴	7,587	2,366	-	188	2,507	(186)	12,462
Financing charges	402	129	-	54	215	12	812
Total other expenses	7,989	2,495	-	242	2,722	(174)	13,274
Earnings before investments in jointly controlled corporations and associates, and income taxes	4,914	996	-	(155)	(551)	(50)	5,154
Share of earnings (losses) of investments in jointly controlled corporations and associates	67	213	31	-	211	(146)	376
Earnings before income taxes	4,981	1,209	31	(155)	(340)	(196)	5,530
Income taxes	737	272	-	1	(77)	(4)	929
Net earnings from continuing operations	4,244	937	31	(156)	(263)	(192)	4,601
Net loss from discontinued operations	(115)	-	-	-	-	-	(115)
Net gain from disposal of discontinued operations	44	-	-	-	-	-	44
Net earnings	4,173	937	31	(156)	(263)	(192)	4,530
Attributable to							
Non-controlling interests	1,560	355	-	140	(128)	(192)	1,735
Non-participating shareholders	-	-	-	52	-	-	52
Participating shareholders ^{6 7}	2,613	582	31	(348)	(135)	-	2,743
	4,173	937	31	(156)	(263)	(192)	4,530

1 Included within insurance service result in the statements of earnings.

2 Included within net investment result in the statements of earnings.

3 Included within fee income and other revenues in the statements of earnings.

4 Dealer compensation expenses at IGM are included in operating and administrative expenses.

5 Includes net finance income (expenses) from insurance contracts, net finance income (expenses) from reinsurance contracts and changes in investment contract liabilities.

6 The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

7 The contribution from Lifeco and IGM includes an allocation for the results of investments under common ownership based on their respective interests.

NOTE 35 SEGMENTED INFORMATION (continued)

TOTAL ASSETS AND LIABILITIES

December 31, 2024	Lifeco	IGM	GBL	Holding company	Alternative asset investment platforms and other	Effect of consolidation	Total
Cash and cash equivalents	10,709	910	-	1,606	858	(339)	13,744
Investments	231,478	5,600	-	101	2,497	311	239,987
Investments in Lifeco, IGM and alternative asset investment platforms and other	1,112	1,965	-	22,940	-	(26,017)	-
Investments in jointly controlled corporations and associates	486	3,346	3,683	-	1,780	(494)	8,801
Other assets	45,606	4,948	-	349	20,047	(160)	70,790
Goodwill and intangible assets	16,550	3,930	-	1	1,170	-	21,651
Investments on account of segregated fund policyholders	496,386	-	-	-	-	-	496,386
Total assets¹	802,327	20,699	3,683	24,997	26,352	(26,699)	851,359
Insurance and investment contract liabilities	245,840	-	-	-	-	-	245,840
Obligations to securitization entities	-	5,025	-	-	-	-	5,025
Power Corporation's debentures and other debt instruments	-	-	-	647	-	-	647
Non-recourse debentures and other debt instruments of:							
Power Financial, Lifeco and IGM	9,469	2,400	-	250	-	(88)	12,031
Consolidated investment funds and Other	-	-	-	-	3,878	-	3,878
Other liabilities	17,814	5,387	-	1,073	20,050	(758)	43,566
Insurance and investment contracts on account of segregated fund policyholders	496,386	-	-	-	-	-	496,386
Total liabilities	769,509	12,812	-	1,970	23,928	(846)	807,373

1 Total assets of the Lifeco and IGM operating segments include the allocation of goodwill and certain consolidation adjustments.

TOTAL ASSETS AND TOTAL REVENUES BY GEOGRAPHIC LOCATION

December 31, 2024	United States	Canada	Europe and other	Total
Investments and cash and cash equivalents	95,513	106,407	51,811	253,731
Investments in jointly controlled corporations and associates	2,027	1,010	5,764	8,801
Other assets	32,964	29,586	8,240	70,790
Goodwill and intangible assets	7,088	11,403	3,160	21,651
Investments on account of segregated fund policyholders	215,986	114,547	165,853	496,386
Total assets	353,578	262,953	234,828	851,359
Total revenues	10,971	22,797	11,487	45,255

CONDENSED STATEMENTS OF CASH FLOWS

December 31, 2024	Lifeco	IGM	Holding company	Alternative asset investment platforms and other	Effect of consolidation	Total
Operating activities	4,751	1,092	1,688	(37)	(1,603)	5,891
Financing activities	(2,285)	(253)	(1,958)	1,090	2,146	(1,260)
Investing activities	(408)	(474)	658	(861)	(675)	(1,760)
Effect of changes in exchange rates on cash and cash equivalents	534	-	-	27	-	561
Increase (decrease) in cash and cash equivalents	2,592	365	388	219	(132)	3,432
Cash and cash equivalents, beginning of year	8,117	545	1,218	639	(207)	10,312
Cash and cash equivalents, end of year	10,709	910	1,606	858	(339)	13,744

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Power Corporation of Canada

Opinion

We have audited the consolidated financial statements of Power Corporation of Canada (the "Corporation"), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INSURANCE CONTRACT LIABILITIES - REFER TO NOTES 2 AND 10 TO THE FINANCIAL STATEMENTS

Key Audit Matter Description

Great-West Lifeco Inc., a publicly traded operating subsidiary of the Corporation (thereafter, "Lifeco"), has insurance contract liabilities representing a significant portion of the Corporation's total liabilities. Insurance contract liabilities are determined in accordance with IFRS 17, *Insurance Contracts* ("IFRS 17"). This requires the use of complex valuation models and assumptions to measure groups of contracts as the total of estimates of future cash flows, plus a risk adjustment for non-financial risk and a contractual service margin ("CSM"). The CSM component is only relevant for groups of insurance contracts measured using the general measurement model and the variable fee approach.

While there is considerable judgment applied by management of Lifeco and inherent uncertainty in selecting assumptions, the assumptions with the greatest estimation uncertainty are related to mortality, policyholder behaviour and discount rates. These assumptions required significant auditor attention in specific circumstances where (i) there is limited Lifeco and industry experience data, (ii) the historical experience may not be a good indicator of the future and (iii) the determination of discount rates requires complex calculation and measurement of unobservable market inputs. Auditing certain valuation models and significant assumptions (mortality, policyholder behaviour and discount rates) required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve actuarial and fair value specialists.

How the Key Audit Matter was Addressed in the Audit

Our audit procedures related to certain valuation models and significant assumptions included the following, among others:

- With the assistance of actuarial specialists, tested the appropriateness of certain valuation models used in the valuation process by:
 - Calculating an independent estimate of the insurance contract liability for a sample of insurance policies and comparing the results to Lifeco's estimate;
 - Testing the accuracy of certain valuation models for changes in key assumptions.

INDEPENDENT AUDITOR'S REPORT (continued)

- With the assistance of actuarial specialists, tested the reasonableness of mortality and policyholder behaviour assumptions by:
 - Evaluating whether management of Lifeco's assumptions were determined in accordance with the requirements of IFRS 17;
 - Testing experience studies and other inputs used in the determination of the assumptions;
 - Analyzing management of Lifeco's interpretation and judgment of its experience study results and emerging claims experience, evaluating new and revised key assumptions, assessing reasonable possible alternative assumptions, and considering industry and other external sources of benchmarking, where applicable.
- With the assistance of actuarial and fair value specialists, evaluated the reasonableness of the discount rates used by:
 - Evaluating whether management of Lifeco's assumptions and methodologies were determined in accordance with the requirements of IFRS 17;
 - Testing the inputs and source information underlying the determination of the discount rates and for a sample of curves, calculated the discount rates and compared against discount rates derived by management of Lifeco.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis, and
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Matthew J. Welchinski.

/s/ Deloitte LLP¹

¹ CPA auditor, public accountancy permit No. TA149936

March 18, 2026
Montréal, Quebec

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Great-West Lifeco Inc.

PART B

Management's Discussion and Analysis

PAGE B 2

Financial Statements and Notes

PAGE B 101

Please note that the bottom of each page in Part B contains two different page numbers. A page number with the prefix "B" refers to the number of such page in this document and the page number without any prefix refers to the number of such page in the original document issued by Great-West Lifeco Inc.

The attached documents concerning Great-West Lifeco Inc. are documents prepared and publicly disclosed by such subsidiary, and are available under such subsidiary's profile on SEDAR+, at www.sedarplus.ca. Certain statements in the attached documents, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the current expectations of the subsidiary as set forth therein. Forward-looking statements are provided for the purposes of assisting the reader in understanding the subsidiary's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about the subsidiary's management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

For further information provided by the subsidiary as to the material factors that could cause actual results to differ materially from the content of forward-looking statements, the material factors and assumptions that were applied in making the forward-looking statements, and the subsidiary's policy for updating the content of forward-looking statements, please see the attached documents, including the section entitled Cautionary Note Regarding Forward-Looking Information. The reader is cautioned to consider these factors and assumptions carefully and not to put undue reliance on forward-looking statements.

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

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

Summary of Key Changes to Lifeco's Disclosures for 2025

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

- **Separating Workplace Solutions** - Separated the Workplace Solutions line of business results into Retirement and Group Benefits to provide greater clarity on the distinct drivers of earnings growth for each business. Within the Group Benefits line of business, key metrics are presented separately for group insurance and administrative services only (ASO) products.
- **Reclassifying certain expenses, financing charges and related taxes** - Reclassified certain expenses, financing charges, and related taxes and other items that are not directly associated with the Company's operating segments to the Corporate segment. This change better reflects the performance of each operating segment on a standalone basis.
- **Reclassification of certain businesses or results previously attributed to the United States segment** - Reclassified results of PanAgora Asset Management (PanAgora), Franklin Templeton shareholdings, legacy insurance portfolios and guaranteed lifetime withdrawal benefit (GLWB) product previously attributed to the United States segment to the Corporate segment. As a result of this change, Empower's results reflect the activities of its core businesses.
- **More granular assets under administration (AUA) disclosures** - Enhanced disclosure of the components of total AUA including assets under management and advisement (AUMA) and assets under administration only (AUAO), the total of which is total client assets. Total client assets, when combined with other balance sheet assets, equals total AUA. This change provides greater visibility into the scale of wealth management and higher value-added solutions within the portfolio.
- **Introduced efficiency ratio** - This metric was introduced to provide greater transparency with respect to Lifeco's expense management discipline.
- **Restated segment return on equity (ROE)** - Adjusted previous segment returns on equity to reflect the changes in classification for segment base earnings allocations as well as an updated capital allocation methodology to track allocated capital required by each segment on a standalone basis.
- **Lifeco's updated lines of business** - Previously referred to as value drivers, are displayed by operating segment. See the 'Lines of Business' section of this document for descriptions and key metrics.

Cautionary Note Regarding Forward-Looking Information

From time to time, Lifeco makes written and/or oral forward-looking statements within the meaning of applicable securities laws, including in this MD&A. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "achieve", "ambition", "anticipate", "believe", "could", "estimate", "expect", "initiatives", "intend", "may", "objective", "opportunity", "plan", "potential", "project", "target", "will" and other similar expressions or negative versions of those words. Forward-looking information in this MD&A includes, without limitation, statements about the Company and its operations, business (including business mix), financial condition, expected financial performance (including revenues, earnings or growth rates, medium-term financial objectives and base earning objectives for the Empower business), strategies and prospects, expected costs and benefits of acquisitions and divestitures (including timing of integration activities and timing and extent of revenue and expense synergies), the timing and extent of expected transformation charges/impacts, expected expenditures or investments (including but not limited to investment in technology infrastructure and digital capabilities and solutions and investments in strategic partnerships), value creation and realization and growth opportunities, product and service innovation, expected dividend levels, expected cost reductions and savings, expected capital management activities and use of capital, the timing and extent of possible share repurchases, market position, estimates of risk sensitivities affecting capital adequacy ratios, estimates of financial risk sensitivities (including as a result of current market conditions), expected net plan inflows, expected credit experience, anticipated global economic conditions, potential impacts of catastrophe events, potential impacts of geopolitical events and conflicts and the impact of regulatory developments (including changes to laws and government policies) on the Company's business strategy, growth objectives and capital.

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

Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance, wealth and retirement solutions industries. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. In particular, in setting its objective to achieve base earnings growth in the Empower business in 2026, management has assumed that the performance of equity, interest rate and credit markets during the relevant period is consistent with management's expectations, which take into account current market information and assume no credit impairments, and further that actual sales, client retention and conversion rates, customer behaviour (including contributions, redemptions, withdrawals and lapse rates), expense levels, and mix of business at Empower are consistent with management's estimates. With respect to possible share repurchases, the amount and timing of actual repurchases will depend on the earnings, cash requirements and financial condition of the Company, market conditions, our ability to effect the repurchases on a prudent basis, capital requirements, applicable law and regulations (including applicable securities laws), and other factors deemed relevant by the Company, and may be subject to regulatory approval and/or conditions. In all cases, whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the ability to integrate and leverage acquisitions and achieve anticipated benefits and synergies, the achievement of expense synergies and client retention targets from the acquisition of the Prudential retirement business, the Company's ability to execute strategic plans and adapt or recalibrate these plans as needed, the Company's reputation, business competition, assumptions around sales, pricing, fee rates, customer behaviour (including contributions, redemptions, withdrawals and lapse rates), mortality and morbidity experience, expense levels, reinsurance arrangements, global equity and capital markets (including continued access to equity and debt markets and credit instruments on economically feasible terms), geopolitical tensions and related economic impacts, interest and foreign exchange rates, inflation levels, liquidity requirements, investment values and asset breakdowns, hedging activities, financial condition of industry sectors and individual issuers that comprise part of the Company's investment portfolio, credit ratings, taxes, impairments of goodwill and other intangible assets, technological changes, including the use of emerging technologies, such as artificial intelligence (AI), in our business, breaches or failure of information systems and security (including cyber-attacks), assumptions around third-party suppliers, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, changes in actuarial standards, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third-party service providers, unplanned changes to the Company's facilities, customer and employee relations, levels of administrative and operational efficiencies, and other general economic, political and market factors in North America and internationally.

The above list is not exhaustive, and there may be other factors listed in other filings with securities regulators, including those set out in the "Risk Management" and "Summary of Critical Accounting Estimates" sections of this MD&A and in the Company's annual information form dated February 11, 2026 under "Risk Factors". These, along with other filings, are available for review at www.sedarplus.com. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information.

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

Cautionary Note Regarding Non-GAAP Financial Measures and Ratios

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

Overview

Lifeco is a financial services holding company focused on building stronger, more inclusive and financially secure futures. Together the Company provides wealth, retirement, group benefits and insurance and risk solutions to over 40 million customer relationships. As of December 31, 2025, Lifeco's total client assets¹ exceeded \$3.3 trillion.

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

Businesses of Lifeco

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

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

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

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

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

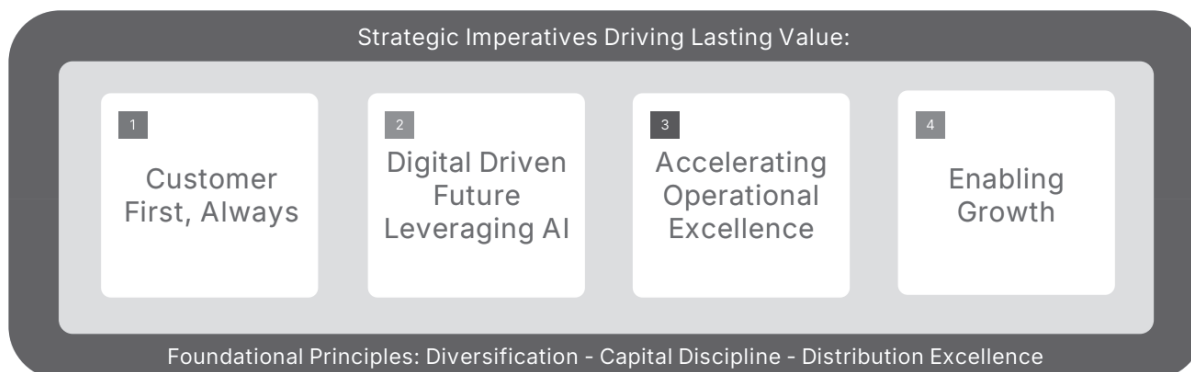
The Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company including: certain overhead expenses, earnings on surplus, financing charges and related taxes not directly associated with the operations of the major business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

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

Execution Priorities

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

Purpose | To build stronger, more inclusive, and financially secure futures



Aspiration | To be the trusted choice for retirement, wealth, and protection solutions while delivering strong shareholder returns

Lifeco successfully executed on its strategies in 2025:

Strengthened Wealth platform across markets

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

Continued expansion of Empower Workplace offering:

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

Accelerated AI across the enterprise:

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

Continued streamlining of operations:

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

Consolidated Operating Results

Selected consolidated financial information

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

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

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

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

⁴ The calculation for financial leverage ratio includes the after-tax non-participating contractual service margin (CSM) balance in the denominator, excluding CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT. These ratios are estimates based on available data.

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

Lifeco 2025 Highlights

Financial Performance

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

Medium-Term Financial Objectives

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

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

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

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

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

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

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

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

Macroevironmental Risks

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

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

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

Outlook for 2026

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

Lifeco is continuing to focus on its core strategies by:

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

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

Lifeco's expectations over the medium term include:

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

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

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

Base and Net Earnings

Consolidated base earnings and net earnings of Lifeco include the base earnings and net earnings of Empower, Canada Life (and its operating subsidiaries) and the Company's Corporate operating results (including PanAgora). Net earnings for the twelve months ended December 31, 2024 also include the earnings from Putnam Investments reported as discontinued operations.

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

For further details on restated earnings for the three and twelve months ended December 31, 2024, refer to the "Summary of Earnings Reclassifications" section of this document.

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	Dec. 31 2025	Dec. 31 2024 (Restated)
Base earnings (loss)¹				
United States	\$ 440	\$ 381	\$ 1,582	\$ 1,408
Canada	400	362	1,462	1,418
Europe	256	260	1,023	946
Capital and Risk Solutions	258	232	965	856
Corporate	(109)	(120)	(383)	(436)
Lifeco base earnings¹	\$ 1,245	\$ 1,115	\$ 4,649	\$ 4,192
Items excluded from base earnings				
Market experience relative to expectations ²	\$ (61)	\$ 38	\$ (216)	\$ 214
Assumption changes and management actions ²	(27)	16	(87)	(149)
Business transformation and other impacts	(73)	(30)	(260)	(112)
Amortization of acquisition-related finite life intangibles	(36)	(37)	(148)	(148)
Tax legislative changes and other tax impacts	—	14	22	14
Items excluded from Lifeco base earnings	\$ (197)	\$ 1	\$ (689)	\$ (181)
Net earnings (loss) from continuing operations²				
United States	\$ 417	\$ 333	\$ 1,436	\$ 1,229
Canada	425	377	1,464	1,640
Europe	128	339	609	930
Capital and Risk Solutions	203	203	861	656
Corporate	(125)	(136)	(410)	(444)
Lifeco net earnings from continuing operations²	\$ 1,048	\$ 1,116	\$ 3,960	\$ 4,011
Net earnings (loss) from discontinued operations	—	—	—	(115)
Net gain from disposal of discontinued operations	—	—	—	44
Lifeco net earnings - common shareholders	\$ 1,048	\$ 1,116	\$ 3,960	\$ 3,940

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

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

Base Earnings

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

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

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

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

Net Earnings

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

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

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

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

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

Foreign Currency

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

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

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

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

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

Credit Markets

Credit experience impacts on net earnings can arise from:

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

Credit markets impact on base earnings

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

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

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

Taxes

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

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

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

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

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

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

Items Excluded from Base Earnings

Market Experience Relative to Expectations

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

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

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

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

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

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

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

Assumption Changes and Management Actions

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

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

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

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

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

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

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

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

¹ Excludes participating and segregated fund policies.

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

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

¹ Excludes participating and segregated fund policies.

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

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

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

In the Canada segment:

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

In the Europe segment:

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

In the Capital and Risk Solutions segment:

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

In the U.S. segment:

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

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

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

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

Other Items Excluded from Base Earnings

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

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

Lifeco Lines of Business

The Company has a diversified mix of business across its reportable operating segments and accordingly supplements its analysis of results with reporting and disclosures by business type or "lines of business". The Company focuses on four key lines of business that extend across its reportable operating segments: Retirement, Wealth, Group Benefits and Insurance & Risk Solutions.

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

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

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

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

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

	For the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	Dec. 31 2025	Dec. 31 2024 (Restated)
Base earnings (loss)¹				
Retirement	\$ 368	\$ 330	\$ 1,349	\$ 1,209
Wealth	223	183	772	659
Group Benefits	223	225	934	819
Insurance & Risk Solutions	406	377	1,524	1,433
Earnings on surplus	145	143	541	603
Corporate expenses & other	(120)	(143)	(471)	(531)
Lifeco base earnings¹	\$ 1,245	\$ 1,115	\$ 4,649	\$ 4,192
Lifeco net earnings from continuing operations²	\$ 1,048	\$ 1,116	\$ 3,960	\$ 4,011

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

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

Retirement

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

Selected Financial Results

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

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

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

Wealth

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

Selected Financial Results

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

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

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

Group Benefits

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

Selected Financial Results

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

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

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

Insurance & Risk Solutions

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

Selected Financial Results

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

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

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

Segmented Operating Results

The segmented operating results of Lifeco, including the comparative figures, are presented on an IFRS basis. Consolidated operating results for Lifeco comprise the results of Empower, Canada Life (and its operating subsidiaries), Lifeco's corporate as well as results from Putnam Investments, reported as discontinued operations in 2024. The following sections analyze the performance of Lifeco's four reportable segments: United States, Canada, Europe and Capital and Risk Solutions.

Translation of Foreign Currency

For the United States, Europe and Capital and Risk Solutions segments, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period. Please refer to the Foreign Currency section in this document for more details.

United States

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

Retirement

Business Profile	Empower Workplace Solution offers: • Employer-sponsored defined contribution, defined benefit and non-qualified plans as well as an array of financial wellness programs • Administrative and recordkeeping services, including enrollment, communication strategies and education programs • Fund management, advisory services and investment options including the first ever zero-fee S&P 500® Index Separate Account and expanded access to private equity, private credit, and private real estate investment options within defined contribution plans • Workplace advice solutions leveraging advanced data analytics and technology through personalized dashboards, investment strategies and progress tracking • Empower Stock Plan Services (ESPS) offers equity compensation administration for public and private companies with an integrated experience for executives, participants, and employers • A fully integrated consumer-directed healthcare suite that brings health and wealth benefits together on one platform
Market Position	• Second largest defined contribution service provider in the U.S.¹ by participants, providing services for over 19 million participant accounts and more than 89,000 plans², with clients in all fifty states, Puerto Rico and Guam • Multiple awards from the NAPA Advisors' Choice Awards as an industry leader across various market segments for excellence in service and innovation³ • Market leader in service to small and mid-sized organizations (plans under \$50 million)³ • Provides services to government plans in all fifty states, including administration or investment services for 28 state plans
Distribution	• Retirement services products distributed to plan sponsors through brokers, consultants, advisors, third-party administrators and banks, ensuring broad accessibility • Retirement plan sponsors are supported by Empower's dedicated sales, account management and client service professionals • Empower offers private label recordkeeping and administrative services distributed through institutional clients
Competitive Conditions	The defined contribution industry continues to evolve with meaningful transformation shaped by sustained fee pressure, increasing regulatory complexity, and heightened expectations from plan sponsors and participants for more personalized and digitally sophisticated services. These evolving competitive dynamics include: • Advances in AI, automation, and data-driven technology platforms; • Increasing importance of scale and operational efficiency; and • Rising expectations for participant engagement, integrated solutions, and enhanced service delivery. Competitors include other financial institutions that offer retirement plan recordkeeping, other retirement planning and employee benefit solutions. Within this environment, Empower Workplace Solutions continues to be well positioned with: • Strong brand recognition; • Operational synergies achieved from business acquisitions that enhance workflow automation and scalability; and • Use of technology and AI capabilities to drive efficiency and deepen customer engagement. These operational strengths enable the Company to compete effectively in a marketplace where innovation, service flexibility, and participant experience are critical drivers of success.

¹ 2025 PLANSPPONSOR DC Recordkeeping Survey as of December 31, 2024.

² As of December 31, 2025.

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

Wealth

Business Profile	Empower Personal Wealth offers a broad suite of financial solutions including: • Personalized advisory services; • Investment management; • A diverse array of investment options; • Individual retirement accounts (IRAs); • Taxable accounts; and • High-net-worth wealth management. Empower Personal Dashboard™ provides actionable financial insights, portfolio monitoring and planning and market trend information
Market Position	• Over \$100 billion in average client assets • Individual wealth management provider with over 990,000 accounts • Top ranking apps¹ and digital technology with expert human advisory services for a hybrid financial planning approach • Multiple awards recognized by NAPA Advisors for excellence in digital tools and advisory support²
Distribution	• Multi-channel distribution approach through: • In-plan offerings of Empower Personal Wealth services through the Empower Workplace Solutions platforms; • Direct-to-consumer engagement through our digital platform; and • Customized advisory services provided by Empower Advisors. • Integrated equity compensation planning services and compliance solutions for executives and individual clients enabled through the expanded Empower Stock Plan Services platform • More than 1,500 financial advisors, financial planners and specialists supporting clients with a broad range of financial services and digital tools
Competitive Conditions	Empower Personal Wealth launched in 2023 by combining Empower's legacy rollover and brokerage offerings with the capabilities and customers from past acquisitions and has maintained a compound annual growth rate of approximately 26% since its inception. The wealth management market continues to be intensely competitive due to: • Shifting client expectations • Ongoing fee pressure • Growing demand for more comprehensive and personalized financial solutions Competitors span a broad spectrum, including traditional financial institutions, hybrid and fully digital registered investment advisors, independent advisory firms, broker-dealers, mutual fund companies, insurance companies, and banks. While no single competitor dominates the industry, large established firms benefit from scale, brand recognition, and diversified service models, while newer and more specialized entrants emphasize streamlined digital experiences and tailored customer engagement. Within this competitive environment, Personal Wealth leverages the following: • Access to an existing client base through Empower Workplace Solutions • Ongoing technological enhancements to its wealth management offerings • Cross-segment business synergies that broaden services capabilities Consolidation across the industry is reshaping the competitive landscape, as larger players acquire smaller firms to broaden capabilities and enhance market share, alongside fintech providers introducing lower-cost and technology alternatives. Competition increasingly centers on the quality of advisory services, customer experience, financial planning sophistication, cost efficiency, differentiated digital tools, reputation management, and social media presence.

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

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

2025 Developments

- During the fourth quarter of 2025, the zero fee Empower S&P 500® Index Separate Account surpassed \$10 billion in total assets since its launch earlier in the year, reflecting strong demand for low-cost, transparent retirement investment solutions. Empower continues to expand its investment solutions across key markets and integrated retirement and wealth platforms.
- During the third quarter of 2025, Empower Personal Wealth surpassed \$100 billion in average client assets. Since its launch in 2023, the business has maintained a compound annual growth rate of approximately 26% and recorded a 50% year over year increase in net flows. This growth is supported through strategic acquisitions, as well as continued client adoption of the firm's digital financial tools and advisor-led services. Amid rising demand for wealth management services, Empower Personal Wealth is well positioned to capture market share arising from the intergenerational wealth transfer.
- During the second quarter of 2025, Empower announced a new investment option for retirement plan participants incorporating private market opportunities in equity, credit, and real estate into advised defined contribution retirement plans. The initiative was launched in collaboration with asset managers including Apollo, Franklin Templeton, Goldman Sachs, Neuberger Berman, PIMCO, Partners Group, and Sagard. The investments are included as part of Collective Investment Trust (CIT) offerings and are intended to provide plan participants with diversified investment options which were previously limited to institutional and high-net-worth investors. As of December 31, 2025, more than 200 Empower retirement plan sponsor clients had included private investments within their retirement platforms.
- During the first quarter of 2025, Empower announced a new consumer-directed healthcare (CDH) offering to help individuals manage their healthcare finances. Empower offers benefits such as health savings accounts (HSAs), flexible spending accounts (FSAs), health reimbursement arrangements (HRAs), voluntary employees' beneficiary association

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

Selected Financial Information

Base earnings and net earnings from continuing operations

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

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

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

Base earnings and net earnings from continuing operations

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

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

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

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

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

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

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

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

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

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

Additional financial information

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

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

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

Net asset flows

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

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

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

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

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

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

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

Empower - Client Assets (US\$)

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

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

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

Outlook

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

Retirement

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

Wealth

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

Canada

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

Retirement

Business Profile	Group capital accumulation plans including: • Defined contribution pension plans • Group RRSPs, RESPs & TFSAs • Deferred profit sharing plans • Non-registered savings programs invested in: • Segregated funds • Guaranteed investment options • Single company stock Retirement income plans including retirement income funds and life income funds Investment management services only plans; invested in: Segregated funds, Guaranteed investment options and Securities
Market Position	• Retirement plans to over 12,000 plan sponsors² • 19% market share of group capital accumulation plans¹
Distribution	Group retirement and investment services products and services are distributed through brokers, consultants and financial security advisors. Sales and service support are provided by an integrated team of over 100 employees, located in various offices across the country. ²
Competitive Conditions	The group capital accumulation plan market in Canada is very competitive and is mainly comprised of three large insurance carriers with significant market positions, a number of smaller companies operating nationally as well as some regional and niche competitors. The Company has a significant market share of 19% ² , which is supported by an extensive distribution network that has access to a wide range of products and services. This strong market share position is a distinct advantage for competing successfully in the Canadian group retirement market.

¹ As at December 31, 2024.

² As at December 31, 2025.

Wealth

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

¹ As of November 30, 2025.

Group Benefits

Business Profile	Group Life and Health Benefits - Life, disability & critical illness - Accidental death & dismemberment - Dental - Expatriate coverage - Extended health care Group Creditor - Life, disability, job loss & critical illness Specialty Products and Services - Individual health, life and critical illness offered through the Freedom Experience - Consult+™ - Teledoc Medical Experts™ - Contact™
Market Position	- Employee benefits to over 27,000 plan sponsors² 23% market share for employee benefit plans¹ - Leading market share for creditor products with coverage provided to over 6 million plan members²
Distribution	- Group life and health benefits are distributed through brokers, consultants, third party administrators/payers and financial security advisors. Sales and service support are provided by an integrated team of over 600 employees, located in various offices across the country.² - Group creditor products and services are distributed primarily through large financial institutions and serviced through a dedicated sales and service organization.
Competitive Conditions	The group life and health benefits market in Canada is mainly comprised of three large group insurance carriers with significant market positions, a number of smaller companies operating nationally and several regional and niche competitors. The Company has a significant market share of 23% ² , which is supported by an extensive distribution network that has access to a wide range of products and services. This strong market share position is a distinct advantage for competing successfully in the Canadian group insurance market.

¹ As at December 31, 2024.

² As at December 31, 2025.

Insurance & Annuities

Business Profile	Individual Life Insurance - Term life, universal life & participating life Living Benefits - Disability & critical illness Retirement Income Plans - Payout annuities & deferred annuities
Market Position	- A leader in individual life insurance sales measured by new total premiums with over 12% market share¹ - A significant provider of individual disability and critical illness insurance with over 9% market share of new sales¹ - Largest open participating life insurance account in Canada, with more than \$59 billion³ in account value.
Distribution	Insurance and annuity products and services are distributed through 16,000 advisors ² that are contracted with Canada Life, MGAs and national accounts, including IG Wealth Management, a member of the Power Corporation of Canada group of companies. The Company participates in the MGA channel through Financial Horizons Group, distributing products from across the industry.
Competitive Conditions	The individual insurance market remains highly competitive, with four major insurers accounting for the majority of new sales across Canada. Competition in the Canadian individual insurance market focuses on service, technology, product features, price, compensation and financial strength, as indicated by ratings issued by nationally recognized agencies. The Company's broad spectrum of strong distribution relationships provide important strategic advantages within the Canadian market.

¹ For the nine months ended September 30, 2025.

² As of November 30, 2025.

³ As at December 31, 2024.

2025 Developments

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

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

Selected Financial Information

Base earnings and net earnings

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

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

Base and net earnings

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

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

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

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

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

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

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

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

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

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

Additional financial information

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	Dec. 31 2025	Dec. 31 2024 (Restated)
Sales¹				
Group Benefits (Insured) ¹	\$ 100	\$ 100	\$ 389	\$ 349
Group Benefits (ASO & Other) ¹	19	297	352	614
Insurance & Annuities	146	180	494	650
Net asset flows¹				
Retirement	\$ (213)	\$ 77	\$ (1,333)	\$ 414
Wealth	2,332	(211)	1,442	(1,186)
Net asset flows¹	\$ 2,119	\$ (134)	\$ 109	\$ (772)
Net fee and spread income¹				
Retirement	\$ 128	\$ 118	\$ 486	\$ 448
Wealth	248	247	936	925
Net fee and spread income¹	\$ 376	\$ 365	\$ 1,422	\$ 1,373
Group Benefits fee and other income (ASO & Other)	\$ 111	\$ 114	\$ 425	\$ 443
Assets under administration²				
Assets under management or advisement ²	\$ 214,765	\$ 194,456		
Assets under administration only ¹	2,942	2,888		
Total client assets²	\$ 217,707	\$ 197,344		
Total assets under administration^{2,3}	\$ 330,917	\$ 305,972		
Average client assets¹				
Average client assets - Retirement	\$ 85,317	\$ 78,788		
Average client assets - Wealth	130,387	118,235		
Total average client assets¹	\$ 215,704	\$ 197,023		
Contractual service margin				
Insurance & Annuities - Non-Participating	\$ 513	\$ 690		
Wealth - Segregated Funds	1,731	1,760		
Insurance & Annuities - Participating	3,305	3,024		
Contractual service margin	\$ 5,549	\$ 5,474		
Group Benefits in-force premiums (Insured)¹	\$ 7,527	\$ 7,395		

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

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

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

Sales

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

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

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

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

Net asset flows

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

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

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

Outlook

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

Retirement

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

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

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

Wealth

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

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

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

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

Group Benefits

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

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

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

Insurance & Annuities

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

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

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

Europe

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

Retirement

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

¹ At December 31, 2025.

Wealth

	U.K.	Ireland	Germany
Business Profile	• International bonds • Retirement drawdown & pension, onshore bonds (closed to new business)	• Individual pensions • Individual wealth management services • Individual savings and investment • Institutional investment management	• Pensions & variable annuities (GMWB)
Market Position	• A market leading international life company selling into the U.K. market with over 26% market share¹	• ILA is the largest Life & Pensions business in Ireland • Unio is one of Ireland's leading wealth management companies	• 2.6% share of the broker market (as at Q3 2025)
Distribution	• Financial advisors & Private banks	• Independent brokers (including owned brokers) • Pension and investment consultants • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Direct digital and contact centre • Tied bank branch distribution	• Independent brokers & multi-tied agents
Competitive Conditions	The European individual wealth market remains dynamic and diverse, with banks, insurers, asset managers, platforms and fintechs all innovating to meet evolving client expectations. Demand is growing for tax efficient solutions and seamless digital experiences, alongside the ongoing consolidation of the broker and adviser market which is reshaping distribution economics and scale advantages. There is also meaningful growth potential as personal wealth continues to be accumulated in non-life products and on open investment platforms, creating opportunities to capture greater wallet share through integrated propositions. Providers able to combine strong investment performance with intuitive customer engaging digital platforms, effective adviser support and high levels of trust and service are well positioned to deepen relationships with mass affluent and affluent clients. This environment rewards firms that can differentiate through customer centric design, financial strength, and long-term client engagement. Canada Life U.K. International Wealth's product offering that have led to market leading sales continue to have a strong appeal. The success has been driven by breadth and depth of the product range, features and investment options, jurisdictional choice, service, technical support, and relationship excellence, as well as competitive pricing. Policies implemented by the U.K. Government, as a result of the October 2024 U.K. budget, continue to strengthen the specific benefits of the international bond offering relative to domestic financial products in this sector. The move of insurance companies from traditional German insurance products with guarantees to the unitized lighter guarantee product categories that Canada Life offers continues to increase the level of competition. The Company has enhanced its ongoing product, technology and service offerings to help strengthen its position in the German market. In 2026, Canada Life in Germany will focus on growth and diversification in products and services, efficiency through automation using technology and artificial intelligence partnerships and enhancing the experience of the independent financial advisor and customer using digital applications. Occupational pensions are a major growth theme in Germany and the Company intends to use its franchise and technologies to add value to small and medium-size business segments where there is significant pension under coverage in Germany. The Company has been successful in building a presence in the pensions market by leveraging its unitized with profits (UWP) competency and in 2026, will continue to explore alternative solutions that are less capital intensive while still meeting customer and advisor needs. Within Wealth, the intermediary division of Irish Life provides wealth services to individuals. This is through Unio, which along with an affiliated company, oversees approximately \$23 billion (€14 billion) of assets on behalf of Retirement and Wealth.		

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

Group Benefits

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

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

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

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

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

Insurance & Annuities

	U.K.	Ireland	Germany
Business Profile	• Bulk payout annuities • Individual payout annuities • Fixed term annuities • Equity release mortgages	• Individual and bulk payout annuities • Individual protection products	• Individual life insurance • Income protection (disability) • Critical illness
Market Position	• Payout annuities market share 13% (advisor only)¹ • A leading company in the equity release market with 14.5% market share²	• Market leader with total market share of 31%³ • Individual life insurance with 22% market share⁴ • Number one position in bulk annuities with over 62% market share⁵	• 6.5% share of the broker market⁶
Distribution	• Independent brokers • Multi-tied agents	• Independent brokers (including owned brokers) • Direct sales force made up of primarily self-employed tied agents and a smaller employed sales team • Direct digital and contact centre • Tied bank branch distribution	• Independent brokers • Multi-tied agents
Competitive Conditions	Competition across individual protection and bulk annuities remains active, supporting ongoing innovation in underwriting, pricing, asset sourcing, reinsurance, and customer experience, with competitors including retail protection writers across direct, adviser and bank assurance channels, specialist annuity providers (individual and bulk), composite insurers active in longevity solutions, and reinsurers that influence pricing and capacity. Providers with broad product suites, deep underwriting capability and strong capital positions are well placed to meet customer needs as the market grows. Increasing adoption of streamlined digital and medical underwriting, straight-through processing and enhanced claims management creates opportunities for firms that can blend efficiency with high-quality service, ultimately improving time-to-cover and customer outcomes while reinforcing competitive differentiation. Canada Life in the U.K. has benefited in recent years from an increase in the proportion of customers who are seeking the best price in the open market and buying annuities through financial advisors, which is the Company's primary distribution channel. The Company continues to offer both standard and enhanced annuities for customers wanting to take advantage of pension flexibility. Following the rise of interest rates from historic lows, the market has grown and is highly competitive with new entrants launching their annuity propositions. Canada Life U.K. offers bulk annuities aimed at trustees of defined benefits plans who want to insure pension scheme liabilities. This is a large and growing market and the demand from trustees continues to increase as pension scheme funding levels have improved in recent years and because corporate sponsors wish to remove scheme liabilities from their balance sheet. With considerable expertise and experience in longevity and investment products, the Company is well placed in the bulk annuity market. In 2025, the U.K. bulk annuity market saw one new entrant (who is now due to merge with an existing participant) and another existing participant being acquired by a large European savings and retirement group. Furthermore, several participants have established strategic partnerships for asset sourcing. While these factors are likely to add to market supply, the impact on competition will be limited by the continued strong growth in demand and investments being made in Canada Life U.K.'s bulk annuity business. The demand for the Canada Life U.K. equity release products has stabilised in 2025 as the market has adjusted to the higher interest rate environment.		

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

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

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

⁴ As at July 31, 2025.

⁵ As at December 12, 2025.

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

2025 Developments

- In the fourth quarter of 2025, Canada Life U.K. wrote approximately \$1.5 billion (£0.8 billion) of new bulk annuity business, \$1.8 billion (£1.0 billion) for the full year of 2025, despite challenging market conditions. Transaction sizes ranged from approximately \$76 million to \$611 million (£41 million to £330 million), demonstrating the business's capability and competitiveness across multiple segments of the market.
- In the fourth quarter of 2025, Canada Life U.K. successfully onboarded two schemes involving the transition of deferred members from single policies held by trustees to individual policies for each member. This represented a significant milestone in strengthening post-transaction capabilities and building a robust track record in the bulk annuity market. The volume of deals coming to market in 2025 was lower than expected due to pension scheme trustees considering their endgame options and capacity constraints of pension scheme administrators. However, this is only expected to be a temporary reduction in deal volumes versus expectations as securing pension scheme liabilities is still considered to be the optimum endgame solution, and as further investment is made in pension scheme administration to cope with greater volumes of schemes approaching the market. Canada Life U.K. and Countrywide Assured have jointly submitted an application to the High Court of Justice of England and Wales for approval of a Part VII transfer of a closed portfolio of unit-linked bonds and legacy pension business from Canada Life U.K. to Countrywide Assured. The transfer is now expected to complete in 2026, subject to Court approval. The High Court hearing originally scheduled for November 27, 2025 has been postponed. A revised hearing date and updated implementation timeline will be communicated once confirmed in 2026.

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

Selected Financial Information

Base earnings and net earnings

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

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

Base and net earnings

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

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

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

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

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

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

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

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

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

Additional financial information

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	Dec. 31 2025	Dec. 31 2024 (Restated)
Sales¹				
Group Benefits (Insured) ¹	\$ 76	\$ 65	\$ 333	\$ 262
Insurance & Annuities	2,194	479	4,578	4,294
Net asset flows¹				
Retirement	\$ 217	\$ 131	\$ 1,498	\$ 969
Wealth	(338)	1,203	(2,468)	9,006
Insurance & Annuities	22	19	82	60
Net asset flows¹	\$ (99)	\$ 1,353	\$ (888)	\$ 10,035
Net fee and spread income¹				
Retirement	\$ 29	\$ 27	\$ 118	\$ 109
Wealth	162	144	619	543
Net fee and spread income¹	\$ 191	\$ 171	\$ 737	\$ 652
Assets under administration²				
Assets under management or advisement ²	\$ 290,863	\$ 256,126		
Assets under administration only ¹	5,318	4,582		
Total client assets²	\$ 296,181	\$ 260,708		
Total assets under administration^{2,3}	\$ 355,415	\$ 316,739		
Average client assets¹				
Average client assets - Retirement	\$ 37,503	\$ 33,230		
Average client assets - Wealth	254,148	224,167		
Total average client assets¹	\$ 291,651	\$ 257,397		
Contractual service margin				
Insurance & Annuities - Non-Participating	\$ 3,866	\$ 3,664		
Wealth - Segregated Funds	1,487	1,531		
Contractual service margin	\$ 5,353	\$ 5,195		
Group Benefits in-force premiums (Insured)¹	\$ 3,027	\$ 2,671		

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

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

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

Sales

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

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

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

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

Net asset flows

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

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

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

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

These items were partially offset by:

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

Outlook

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

Retirement

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

Wealth

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

Group Benefits

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

Insurance & Annuities

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

Capital and Risk Solutions

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

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

Insurance & Risk Solutions

Business Profile	Life, Health and Annuity - Yearly renewable term, co-insurance, modified co-insurance and risk & capital management solutions Longevity - Longevity swaps & capital management solutions Mortgage and Surety Reinsurance - Stop loss and quota share Property and Casualty - Catastrophe retrocession & capital management solutions Funded Reinsurance - Coinurance of life and annuity blocks with assets
Market Position	- Largest group life reinsurer and 7th largest individual life reinsurer in the U.S. by in force volumes¹ - Leading provider of capital solutions in the U.S. and Europe markets - Established provider of U.K. and European longevity reinsurance - Long-standing provider of a range of property and casualty catastrophe retrocession coverages
Distribution	- Independent reinsurance brokers - Direct placements
Competitive Conditions	In the U.S. life reinsurance market, insurers continue to view reinsurance as an important tool for risk and capital management. Several competitors are now focusing on growing their market share, which has resulted in increased competition. Nevertheless, a biennial independent industry survey released in July 2025 confirmed that the Company remains one of the top providers of risk and capital management solutions in the U.S. market. The Company's combination of financial strength and expertise with capital solutions continues to be a competitive advantage. In Europe, Solvency II dominates the regulatory landscape and interest in reinsurance solutions that produce capital benefits continues to grow. Demand for longevity and asset intensive reinsurance remains strong in the U.K., the Netherlands and other continental European countries. As a result, there are now more reinsurers participating in the European market. The Company's main competitors include other large reinsurance companies primarily in North America and Europe.

¹ As at December 31, 2024.

2025 Developments

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

Selected Financial Information

Base earnings and net earnings

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

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

Base and net earnings

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

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

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

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

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

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

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

Additional financial information

	As at or for the three months ended		For the twelve months ended	
	Dec. 31 2025	Dec. 31 2024 (Restated)	Dec. 31 2025	Dec. 31 2024 (Restated)
Run-rate insurance results by product				
Capital Solutions	\$ 164	\$ 112	\$ 556	\$ 431
Risk Solutions (excl. P&C)	94	93	372	347
P&C and other	21	22	81	83
Total run-rate insurance results¹	\$ 279	\$ 227	\$ 1,009	\$ 861
Total balance sheet assets	\$ 11,694	\$ 11,708		
Contractual service margin				
Reinsurance - Non-Participating	\$ 2,430	\$ 2,436		
Reinsurance - Participating	1	1		
Contractual service margin	\$ 2,431	\$ 2,437		

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

Outlook

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

Insurance & Risk Solutions

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

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

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

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

Corporate

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

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

Selected Financial Information - Corporate

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

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

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

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

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

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

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

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

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

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

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

Consolidated Financial Position

Assets

Total assets

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

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

Invested Assets

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

Invested asset distribution

	Canada	United States	Europe	Capital and Risk Solutions	Total	
As at December 31, 2025						
Bonds						
Government & related	\$ 19,062	\$ 9,395	\$ 15,710	\$ 4,238	\$ 48,405	20 %
Corporate & other	41,021	61,361	18,130	5,551	126,063	50
Sub-total bonds	60,083	70,756	33,840	9,789	174,468	70
Mortgages	16,892	11,220	7,923	838	36,873	15
Stocks	16,996	4,093	378	48	21,515	9
Investment properties	6,478	16	1,799	—	8,293	3
Sub-total portfolio investments	100,449	86,085	43,940	10,675	241,149	97
Cash and cash equivalents	1,651	3,860	2,855	536	8,902	3
Total invested assets	\$ 102,100	\$ 89,945	\$ 46,795	\$ 11,211	\$ 250,051	100 %

As at December 31, 2024

Bonds						
Government & related	\$ 20,776	\$ 5,021	\$ 14,718	\$ 4,927	\$ 45,442	19 %
Corporate & other	38,460	61,211	16,993	5,008	121,672	50
Sub-total bonds	59,236	66,232	31,711	9,935	167,114	69
Mortgages	16,925	13,819	7,358	777	38,879	16
Stocks	14,489	3,712	625	—	18,826	8
Investment properties	6,128	22	2,107	—	8,257	3
Sub-total portfolio investments	96,778	83,785	41,801	10,712	233,076	96
Cash and cash equivalents	1,484	5,983	2,520	722	10,709	4
Total invested assets	\$ 98,262	\$ 89,768	\$ 44,321	\$ 11,434	\$ 243,785	100 %

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

Bond portfolio

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

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

Bond portfolio quality

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

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

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

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

Mortgage portfolio

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

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

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

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

Commercial mortgages

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

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

Expected credit losses

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

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

Equity portfolio

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

	Canada		U.S.	Europe	CRS	Total	
	Par	Non-Par					
As at December 31, 2025							
Equity portfolio by type							
Publicly traded stocks	\$ 10,215	\$ 2,618	\$ 1,412	\$ 81	\$ 34	\$ 14,360	48 %
Privately held stocks	2,402	1,761	2,681	297	14	7,155	24
Sub-total	12,617	4,379	4,093	378	48	21,515	72
Investment properties	5,629	849	16	1,799	—	8,293	28
Total	\$ 18,246	\$ 5,228	\$ 4,109	\$ 2,177	\$ 48	\$ 29,808	100 %

As at December 31, 2024

Equity portfolio by type							
Publicly traded stocks	\$ 8,536	\$ 2,498	\$ 1,309	\$ 357	\$ —	\$ 12,700	47 %
Privately held stocks	1,977	1,478	2,403	268	—	6,126	23
Sub-total	10,513	3,976	3,712	625	—	18,826	70
Investment properties	5,164	964	22	2,107	—	8,257	30
Total	\$ 15,677	\$ 4,940	\$ 3,734	\$ 2,732	\$ —	\$ 27,083	100 %

Investment properties¹

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

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

Derivative Financial Instruments

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

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

- Collateral pledged on derivative assets increased in 2025, primarily due to Euro and British pound strengthening against Japanese yen on cross-currency swaps that pay Euro or Pounds and receive Japanese yen.
- During the twelve months ended December 31, 2025, the outstanding notional amount of derivative contracts increased by \$7.7 billion to \$70.8 billion compared to December 31, 2024, primarily due to increases in volume of regular hedging activities.
- The Company's exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, decreased to \$1.9 billion at December 31, 2025 from \$2.4 billion at December 31, 2024. The decrease was primarily due to the euro and British pound strengthening against the U.S. dollar on cross-currency swaps that pay Euro or Pounds and receive U.S. dollars.
- There were no changes to derivative counterparty ratings during the fourth quarter of 2025 and all had investment grade ratings as of December 31, 2025.

Goodwill and Intangible Assets

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

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

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

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

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

Other General Fund Assets

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

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

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

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

Investments on Account of Segregated Fund Policyholders

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

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

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

Liabilities

Total liabilities

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

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

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

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

Assets supporting insurance contract liabilities

	Participating Account	Non-Participating				Total
		Canada	United States	Europe	Capital and Risk Solutions	
As at December 31, 2025						
Bonds	\$ 33,740	\$ 23,072	\$ 346	\$ 29,177	\$ 5,354	\$ 91,689
Mortgage loans	12,860	3,533	7	7,923	811	25,134
Stocks	12,933	3,422	—	126	47	16,528
Investment properties	5,630	573	—	1,658	—	7,861
Other assets ¹	1,684	—	12,246	6,502	—	20,432
Total	\$ 66,847	\$ 30,600	\$ 12,599	\$ 45,386	\$ 6,212	\$ 161,644
As at December 31, 2024²						
Bonds	\$ 32,435	\$ 23,553	\$ 387	\$ 27,227	\$ 6,057	\$ 89,659
Mortgage loans	12,851	3,727	8	7,359	751	24,696
Stocks	10,798	3,206	—	396	—	14,400
Investment properties	5,167	742	—	1,909	—	7,818
Other assets ¹	827	81	13,149	5,053	—	19,110
Total	\$ 62,078	\$ 31,309	\$ 13,544	\$ 41,944	\$ 6,808	\$ 155,683

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

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

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

Insurance Contract Liabilities and Assets

Insurance contract liabilities and assets¹

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

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

At December 31, 2025, total net insurance contract liabilities were \$214.6 billion, an increase of \$10.8 billion from December 31, 2024. The increase in net insurance contract liabilities was primarily due to the impact of market movements and currency movements, partially offset by normal business movements.

Contractual Service Margin

The CSM of a group of insurance contracts represents the unearned profit that the Company expects to recognize in the future as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfilment cash flows, any derecognized assets for insurance acquisition cash flows and any cash flows arising at that date is a

net inflow, then the group is classified as non-onerous. For non-onerous contracts, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

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

Contractual service margin continuity¹

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

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

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

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

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

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

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

Other General Fund Liabilities

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

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

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

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

Segregated Fund and Variable Annuity Guarantees

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

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

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

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

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

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

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

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

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

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

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

Segregated fund and variable annuity guarantee exposure

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

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

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

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

Lifeco Capital Structure

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

Debentures and Other Debt Instruments

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

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

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

Capital Trust Securities

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

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

Equity

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

Common shares

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

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

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

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

Preferred shares

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

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

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

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

Non-Controlling Interests

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

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

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

Liquidity and Capital Management

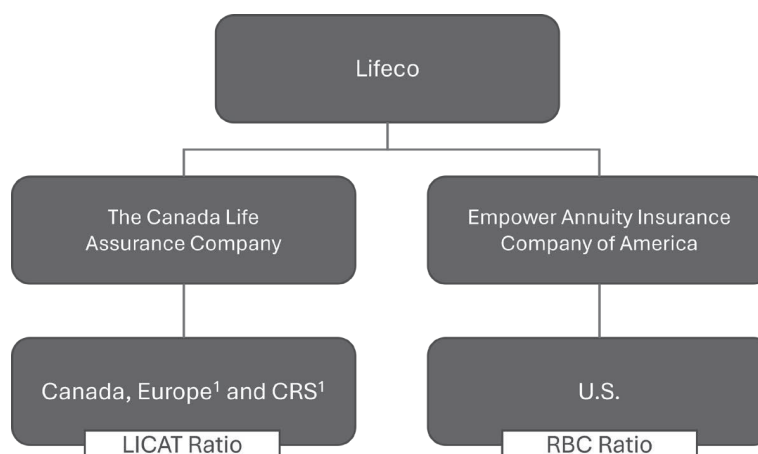
Capital Management and Adequacy

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

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

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

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



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

I. LICAT Ratio

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Life Insurance Capital Adequacy Test (LICAT). The December 31, 2025 LICAT Ratio is calculated in accordance with the 2025 OSFI Guideline - Life Insurance Capital Adequacy Test.

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

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

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

LICAT Ratio

	Dec. 31 2025	Dec. 31 2024
Tier 1 Capital	\$ 21,061	\$ 20,142
Tier 2 Capital	7,667	5,253
Total Available Capital	28,728	25,395
Surplus Allowance & Eligible Deposits	5,155	5,130
Total capital resources	\$ 33,883	\$ 30,525
Required capital	\$ 26,541	\$ 23,516
Capital margin¹	7,342	7,009
Total Ratio (OSFI Supervisory Target = 100%)²	128 %	130 %

¹ Capital Margin = Total capital resources less required capital

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

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

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

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

OSFI Regulatory Capital Initiatives

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

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

Solvency II/U.K.

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

II. RBC Ratio

In the U.S, the National Association of Insurance Commissioners (NAIC) has established Risk-Based Capital (RBC) as a regulatory capital adequacy measurement. Empower, Lifeco's U.S. operating company, reports its RBC ratio annually to U.S. insurance regulators. The RBC ratio is for information only and is not intended as a means to rank insurers generally or for any other purpose. As at December 31, 2025, the ratio was estimated to be above 450%.

III. Financial Leverage Ratio

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

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

	Dec. 31 2025	Dec. 31 2024
Financial Leverage		
Short-term debt	\$ 273	\$ 144
Long-term debt (incl. bank term loan)	8,265	9,070
Subordinated debentures	100	100
Capital trust securities	154	155
Limited recourse capital notes	1,500	1,500
Perpetual preferred shares	2,920	2,720
Total Financial Leverage	\$ 13,212	\$ 13,689
Equity		
Common Stock	\$ 5,983	\$ 6,071
Surplus	17,712	17,474
Participating policyholder surplus	3,079	3,041
Accumulated other comprehensive income	1,742	1,776
Minority interest	67	72
Total Equity	\$ 28,583	\$ 28,434
Total Capital	\$ 41,795	\$ 42,123
CSM (non-par, excluding seg funds) (after-tax)²	\$ 6,083	\$ 6,055
Financial Leverage Ratio¹	28 %	29 %

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

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

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

Liquidity

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

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

² Total short-term bonds, government bonds and corporate bonds as at December 31, 2025 was \$174.5 billion (\$167.1 billion at December 31, 2024). Refer to the consolidated balance sheet in the Company's December 31, 2025 annual consolidated financial statements for on-balance sheet bonds amounts.

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

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

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

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

Cash Flows

Cash flows

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

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

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

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

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

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

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

Commitments/Contractual Obligations

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

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

- 1) Refer to note 18 in the Company's December 31, 2025 annual consolidated financial statements. Excluded from debentures and other debt instruments are unamortized transaction costs.
- 2) For a further description of the Company's lease obligations (presented on a net value basis), refer to note 20 in the Company's December 31, 2025 annual consolidated financial statements.
- 3) Purchase obligations are commitments to acquire goods and services, essentially related to information services.
- 4) (a) Contractual commitments are essentially commitments of investment transactions made in the normal course of operations in accordance with policies and guidelines that are to be disbursed upon fulfillment of certain contract conditions.
(b) Letters of credit (LC) are written commitments provided by a bank. The total amount of LC facilities is US\$1,723 million of which US\$889 million were issued as of December 31, 2025.
The Reinsurance business unit periodically uses LC as collateral under certain reinsurance contracts for on-balance sheet policy liabilities.
The Company may be required to seek collateral alternatives if it is unable to renew existing LCs on maturity.
A total of US\$689 million has been issued to subsidiaries or branches of Canada Life and the additional US\$70 million has been issued to Great-West Life & Annuity Insurance Company of South Carolina.
The remaining US\$130 million has been issued to external parties. Clients residing in the United States are required pursuant to their insurance regulations to obtain LCs issued on the Company's behalf from approved banks in order to further secure the Company's obligations under certain reinsurance contracts.
- 5) Pension contributions include funding estimates for defined benefit pension plans, defined contribution pension plans and other post-employment plans. These contributions are subject to change, as contribution decisions are affected by many factors including market performance, regulatory requirements and management's ability to change funding policy. Funding estimates beyond 2026 are excluded due to the significant variability in the assumptions required to project the timing of future contributions.

Return on Equity (ROE)

	Dec. 31 2025	Dec. 31 2024 (Restated)
Base ROE¹ by segment		
United States	20.1 %	18.1 %
Canada	17.2 %	17.1 %
Europe	18.8 %	16.1 %
Capital and Risk Solutions	42.8 %	42.2 %
Lifeco base ROE excluding Corporate¹	20.9 %	19.3 %
Consolidated base ROE¹	18.2 %	17.5 %
ROE - continuing operations² by segment		
United States	18.3 %	15.8 %
Canada	17.2 %	19.7 %
Europe	11.2 %	15.9 %
Capital and Risk Solutions	38.2 %	32.3 %
Lifeco ROE excluding Corporate - continuing operations²	18.2 %	18.6 %
Consolidated ROE - continuing operations²	15.5 %	16.7 %

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

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

The Company has a capital allocation methodology which tracks allocated capital required by each segment on a standalone basis.

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

Ratings

Lifeco and its operating companies maintain ratings from five independent ratings companies. Credit ratings¹ are intended to provide investors with an independent measure of the credit quality of a corporation and securities of a corporation and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation.

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

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

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

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

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

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

Risk Management

Risk Management Overview

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

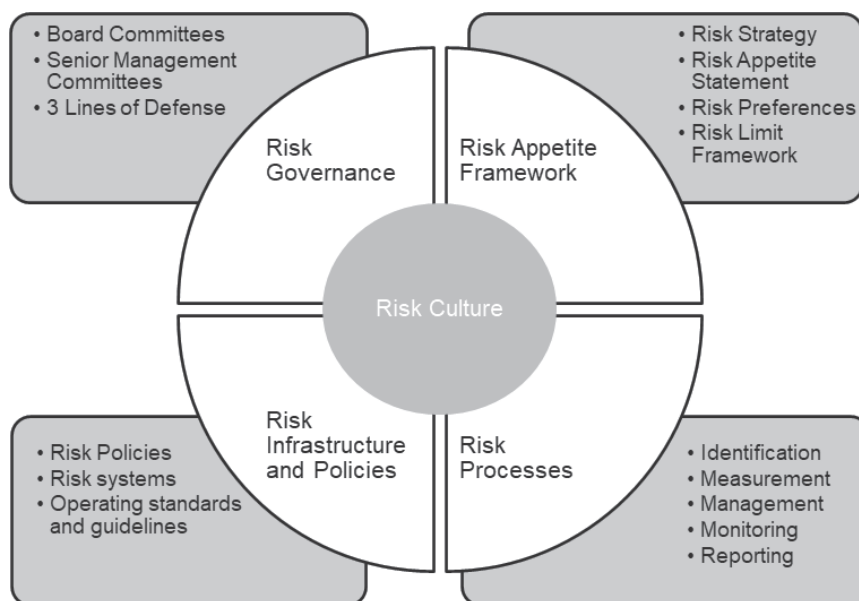
The Company has a prudent and measured approach to risk management, reinforced by a strong risk culture and guided by an integrated Enterprise Risk Management (ERM) Framework. This framework aligns the Company's business strategy with its risk appetite, informs capital allocation and supports the identification,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

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

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

Enterprise Risk Management Framework

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



Our Enterprise Risk Management Framework

Risk Culture: Our system of norms, values, attitudes and behaviours that influence and inform risk decision-making

Risk Governance

- Board Committees
- Senior Management Committees
- 3 Lines of Defense

Risk Appetite Framework

- Risk Strategy
- Risk Appetite Statement
- Risk Preferences
- Risk Limit Framework

Risk Infrastructure and Policies

- Risk Policies
- Risk systems
- Operating standards and guidelines

Risk Processes

- Identification
- Measurement
- Management
- Monitoring
- Reporting

Risk Culture

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

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

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

Risk Governance

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

Board of Directors

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

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

Risk Committee

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

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

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

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

Audit Committee

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

Conduct Review Committee

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

Governance and Nominating Committee

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

Human Resources Committee

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

Investment Committee

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

Reinsurance Committee

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

Senior Management Risk Committees

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

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

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

Management Accountabilities

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

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

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

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

Risk Appetite Framework

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

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

Risk Strategy

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

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

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

Risk Appetite Statement

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

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

Risk Preference

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

Risk Limit Framework

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

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

Risk Processes

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

Risk Identification, Measurement and Management

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

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

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

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

Risk Monitoring, Reporting and Escalation

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

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

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

Risk Infrastructure and Policies

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

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

Principal Risk Categories

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

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

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

Market and Liquidity Risk

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

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

Market and Liquidity Risk Management

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

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

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

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

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

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

Interest Rate and Spread Risk

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

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

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

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

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

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

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

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

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

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

Non-Fixed Income Risk

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

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

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

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

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

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

Foreign Exchange Risk

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

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

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

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

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

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

Liquidity Risk

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

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

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

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

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

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

Credit Risk

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

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

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

Credit Risk Management

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

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

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

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

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

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

Counterparty Risk

Counterparty risk arises from exposures to reinsurers and derivative counterparties.

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

Insurance Risk

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

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

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

Insurance Risk Management

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

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

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

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

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

Mortality and Morbidity Risk

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

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

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

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

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

Longevity Risk

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

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

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

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

Policyholder Behaviour Risk

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

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

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

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

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

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

Expense Risk

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

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

Property & Casualty Risk

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

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

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

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

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

Operational Risk

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

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

Operational Risk Management

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

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

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

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

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

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

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

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

Technology Risk

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

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

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

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

Business Continuity Risk

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

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

Physical Security Risk

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

Business Processing

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

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

Reporting Risk

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

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

Fraud Risk

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

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

Third-Party Risk

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

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

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

Legal and Regulatory Compliance Risk

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

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

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

People Risk

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

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

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

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

Conduct Risk

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

Conduct Risk Management

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

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

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

Strategic Risk

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

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

Strategic Risk Management

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

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

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

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

Strategic Positioning Risk

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

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

Strategic Execution Risk

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

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

Geopolitical Risk

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

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

Other Risks

Sustainability Risk

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

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

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

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

Holding Company Structure Risk

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

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

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

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

Mergers, Acquisitions and Divestments Risk

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

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

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

Tax Regime Risk

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

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

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

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

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

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

Product Distribution Risk

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

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

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

Country Risk

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

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

Exposures and Sensitivities

Insurance and Investment Contract Liabilities

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

Non-Financial Exposures and Sensitivities

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

Non-Financial Exposures and Sensitivities

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

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

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

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

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

Financial Exposures and Sensitivities

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

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

Financial exposures and sensitivities

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

Summary of Critical Accounting Estimates

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

Fair Value Measurement

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

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

Bonds - FVTPL and FVOCI

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

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

Mortgages - FVTPL and FVOCI

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

Equity Release Mortgages - FVTPL

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

Stocks - FVTPL and FVOCI

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

Investment Properties

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

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

Goodwill and Intangibles Impairment Testing

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

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

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

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

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

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

Expected Credit Losses (ECL)

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

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

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

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

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

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

Insurance, Reinsurance Held and Investment Contract Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk Adjustment

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

Discount Rates

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

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

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

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

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

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

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

Income Taxes

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

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

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

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

Employee Future Benefits

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

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

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

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

Actuarial assumptions - employee future benefits

At December 31

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

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

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

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

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

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

Impact of a change of 1.0% in actuarial assumptions on defined benefit obligation¹

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

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

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

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

International Financial Reporting Standards

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

Changes in Accounting Policies

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

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

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

Other Information

Summary of Earnings Reclassifications

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

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

Summary of earnings reclassifications between operating segments and Corporate segment

For the twelve months ended December 31, 2024

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

Non-GAAP Financial Measures and Ratios

Non-GAAP Financial Measures

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

Base earnings (loss)

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

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

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

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

Lifeco

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

United States

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

Canada

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

Europe

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

Capital and Risk Solutions

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

Corporate

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

Base earnings - pre-tax

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

Lifeco

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

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

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

Total assets under administration includes assets under management or advisement (AUMA), assets under administration only (AUAO), the total of which is total client assets, and other balance sheet assets.

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

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

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

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

Lifeco¹

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

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

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

United States

Assets under administration

Assets under management or advisement

Assets under administration only¹

Total client assets

Other assets on balance sheet

Total assets under administration

of which: Total balance sheet assets

of which: Invested assets

	Dec. 31 2025	Dec. 31 2024 (Restated)
\$	570,634	\$ 507,615
	2,173,061	2,019,475
\$	2,743,695	\$ 2,527,090
	47,250	56,602
\$	2,790,945	\$ 2,583,692
	358,912	342,253
	89,945	89,768

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

Canada

Assets under administration

Assets under management or advisement

Assets under administration only¹

Total client assets

Other assets on balance sheet

Total assets under administration

of which: Total balance sheet assets

of which: Invested assets

	Dec. 31 2025	Dec. 31 2024 (Restated)
\$	214,765	\$ 194,456
	2,942	2,888
\$	217,707	\$ 197,344
	113,210	108,628
\$	330,917	\$ 305,972
	241,841	226,873
	102,100	98,262

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

Europe

Assets under administration

Assets under management or advisement

Assets under administration only¹

Total client assets

Other assets on balance sheet

Total assets under administration

of which: Total balance sheet assets

of which: Invested assets

	Dec. 31 2025	Dec. 31 2024 (Restated)
\$	290,863	\$ 256,126
	5,318	4,582
\$	296,181	\$ 260,708
	59,234	56,031
\$	355,415	\$ 316,739
	250,381	221,329
	46,795	44,321

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

Run-rate insurance results

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

Non-GAAP Ratios

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

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

- **Base capital generation** - This measure is expressed as a percentage of base earnings and provides a view of capital generated or consumed by the business above the Company's internal operating target level for capital. Base capital generation is calculated as base earnings plus the organic CSM and risk adjustment (RA) movements, if applicable, less the change in required capital related to new business and the run-off of in-force business at the Company's internal operating target level. These items exclude the impact of participating business and the conceptually similar items as those excluded from base earnings.
 - Organic CSM movement refers to CSM (excluding participating products), plus impact of new insurance business, plus expected movements from asset returns and locked-in rates, plus CSM recognized for services provided, plus insurance experience gains and losses.
- **Base dividend payout ratio** - Dividends paid to common shareholders are divided by base earnings (loss).
- **Base earnings per share** - Base earnings (loss) for the period is divided by the number of average common shares outstanding for the period.
- **Base earnings per share (diluted)** - Base earnings (loss) for the period is divided by the number of average common shares outstanding on a diluted basis for the period.
- **Base return on equity** - Base earnings (loss) for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Effective income tax rate - base earnings - common shareholders** - Calculated by adjusting the Company's reported income taxes and net earnings before income taxes attributable to common shareholders to remove the impact of items excluded from base earnings, to calculate the effective income tax rates for common shareholders.
- **Efficiency ratio** - Calculated on a trailing four quarter basis as pre-tax non-par base operating and administrative expenses divided by the sum of pre-tax base earnings and pre-tax non-par base operating and administrative expenses.
- **Financial Leverage Ratio** - Calculated as the aggregation of debt, hybrid securities, and preferred shares divided by total consolidated capitalization. The denominator also includes the after-tax non-participating CSM balance in the denominator, other than CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT.
- **Pre-tax base operating margin** - Pre-tax operating earnings expressed as a percentage of fee and spread income.
- **Price/base earnings ratio** - The Company's closing share price divided by its base earnings per share on a trailing four quarter basis.
- **Cost of management ratio** - Compares the amount paid by the Company to compensate its Named Executive Officers (NEOs) relative to the Company's base earnings for the same period. Calculated by dividing total annual compensation paid to NEOs (as disclosed in the Executive Compensation section of the Company's management proxy circular) by base earnings for the year.

Glossary

- **Asset-based fee income** - Represents fee income earned that is directly tied to the level of client assets under advisement, management or administration; including segregated fund products.
- **Asset-based expenses and commissions** - Represents the variable expenses (such as asset-based commissions & bonuses, managed account expenses, sub-advisor and fund manager costs) incurred when generating fee and other income
- **Assets under administration only (AUAO)** - Client assets are classified as AUAO where the Company only provides administration services for which the Company earns fees and other income. These assets are beneficially owned by the clients and the Company does not direct the investing activities. Services provided relating to assets under administration include recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends. Assets included in AUAO are not included in AUMA.
- **Assets under administration (AUA), assets under management or advisement (AUMA) and client assets** are non-GAAP financial measures. See definitions in Non-GAAP Measures and Ratios section.
- **Assumption changes and management actions** - The net earnings impact of: (i) revisions to the methodologies and assumptions used in the measurement of the Company's assets, insurance contract liabilities and investment contract liabilities, and (ii) actions taken by management in the current reporting period which include, but are not limited to, changes in in-force product features (including prices), and new or revised reinsurance deals on in-force business. Assumption changes and management actions are excluded from base earnings.

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

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

- **Market experience relative to expectations** - The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:

- The impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets;
- The impact on segregated fund guarantee liabilities not hedged;
- The market-related impacts that are different than expectations on surplus assets, general account assets and the insurance and investment contract liabilities they support; and
- Other market impacts on general account assets and the insurance and investment contract liabilities they support that cannot be attributed to expectations within the period.
- **Net asset flows** - Indicator of the Company's ability to attract and retain business. Net asset flows are measured by the following:
 - Canada net asset flows include cash inflows and outflows related to segregated fund assets and proprietary and non-proprietary mutual funds.
 - Europe net asset flows include cash inflows and outflows related to segregated fund assets, proprietary mutual funds and institutional assets as well as other assets under administration.
 - Empower net asset flows include cash inflows and outflows related to segregated fund assets, general fund assets, proprietary and non-proprietary mutual funds as well as other assets under management.
 - PanAgora net asset flows include institutional sales and redemptions.
- **Net earnings from continuing operations** - Defined as net earnings - common shareholders less net earnings (loss) from discontinued operations and the net gain from disposal of discontinued operations. The discontinued operations represent the results of Putnam Investments. On January 1, 2024, Lifeco completed the previously announced sale of Putnam Investments to Franklin Resources, Inc., operating as "Franklin Templeton".
- **Net fee and spread income** - Fee and spread income less asset-based expenses and commissions.
- **Non-par base operating and administrative expenses** - Non-participating base operating and administrative expenses exclude business transformation costs and other expenses that are excluded from base earnings.
- **Office of the Superintendent of Financial Institutions Canada (OSFI)** - Is an independent Canadian federal government agency that regulates and supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting their requirements.
- **Other fee income** - Represents other fee income earned that is not directly tied to the level of client assets; and the total base insurance service result related to unit-linked, unitized with profits and variable annuity products offered by the Wealth line of business.
- **Premium Allocation Approach (PAA)** - The Company applies this measurement model to contracts with coverage periods of one year or less and those that are relatively stable and have low variability in fulfillment cash flows. Low variability in fulfillment cash flows indicates that no significant difference in measurement exists when compared to the general measurement model (GMM).
- **Price/book value ratio** - The Company's closing share price divided by its book value per share.
- **Price/earnings ratio** - The Company's closing share price divided by its net earnings per share on a trailing four quarter basis.
- **Return on equity (ROE) - continuing operations** - Net earnings from continuing operations for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Sales** - Sales are measured according to product type:
 - For risk-based Insurance & Annuities products, sales include 100% of single premium and annualized premiums expected in the first twelve months of the plan.
 - Group Benefits (insured) sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies on business where the Company underwrites the insurance risks of a group benefits solution.
 - Group Benefits (ASO & other fee-based products) sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies where clients self-insure the products and the Company administers it on their behalf, and other ancillary services.

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

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

- **Spread income** - Represents spread income earned on general account investment products which represents the difference between earned rates and rates credited to clients; and other net investment income.
- **Variable Fee Approach (VFA)** - The Company applies this measurement model to contracts with direct participating features such as participating insurance and segregated fund business with insurance guarantees, where an investment return is provided to the policyholder based on a defined pool of items (e.g., a portfolio of assets).

Selected Annual Information

Selected annual information

(in \$ millions, except per share amounts)

	For the years ended December 31		
	2025	2024	2023
Total revenue¹	\$ 43,976	\$ 39,797	\$ 41,629
Earnings			
Base earnings ²	4,649	4,192	3,667
Net earnings from continuing operations	3,960	4,011	2,862
Net earnings - Common Shareholders	3,960	3,940	2,738
Earnings per common share			
Basic - base earnings ³	5.03	4.50	3.94
Basic - net earnings from continuing operations	4.29	4.30	3.07
Basic - net earnings	4.29	4.23	2.94
Diluted - base earnings ³	5.01	4.48	3.93
Diluted - net earnings from continuing operations	4.26	4.29	3.07
Diluted - net earnings	4.26	4.21	2.93
Total assets under administration			
Assets under management or advisement (AUMA) ²	\$ 1,136,256	\$ 1,006,384	\$ 895,412
Assets under administration only (AUAO) ⁴	2,181,321	2,026,945	1,592,992
Total client assets ²	3,317,577	3,033,329	2,488,404
Other assets on balance sheet	231,388	232,969	202,570
Discontinued operations	—	—	161,566
Total assets under administration⁴	3,548,965	3,266,298	2,852,540
Total liabilities	\$ 829,825	\$ 769,509	\$ 683,379
Dividends paid per share			
Series G First Preferred	1.3000	1.3000	1.3000
Series H First Preferred	1.21252	1.21252	1.21252
Series I First Preferred	1.1250	1.1250	1.1250
Series L First Preferred	1.41250	1.41250	1.41250
Series M First Preferred	1.450	1.450	1.450
Series N First Preferred ⁵	0.437252	0.437252	0.437252
Series P First Preferred	1.350	1.350	1.350
Series Q First Preferred	1.2875	1.2875	1.2875
Series R First Preferred	1.200	1.200	1.200
Series S First Preferred	1.312500	1.312500	1.312500
Series T First Preferred	1.2875	1.2875	1.2875
Series Y First Preferred	1.1250	1.1250	1.1250
Series Z First Preferred ⁶	0.3826	—	—
Common	2.440	2.220	2.080

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

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

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

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

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

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

Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

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

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

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

Transactions with Related Parties

Relationship with Power Corporation Group of Companies

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

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

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

Other Transactions with Related Parties

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

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

The Company owns 9,200,407 shares, held through Canada Life, representing a 3.90% ownership interest in IGM. The Company uses the equity method to account for its investment in IGM as it exercises significant influence. In 2025, the

Company recognized \$37 million for the equity method share of IGM net earnings and received dividends of \$20 million from its investment in IGM.

Segregated funds of the Company were invested in funds managed by IG Wealth Management and Mackenzie Investments. Mackenzie Investments also manages certain of the Company's portfolio investments. The Company also has interests in mutual funds, open-ended investment companies and unit trusts. Some of these funds are sub-advised by related parties of the Company, who are paid sub-advisory fees related to these services. During 2025, the Company and its subsidiaries made additional investments in funds managed by related parties. All transactions were provided at market terms and conditions.

The Company held debentures issued by IGM with a carrying value of \$89 million at December 31, 2025 (\$90 million at December 31, 2024).

On September 3, 2025, the Toronto Stock Exchange approved an amendment that permitted the Company to purchase its shares from Power Financial Corporation and certain of its wholly-owned subsidiaries (collectively, PFC) in connection with the 2025 NCIB. During 2025, the Company repurchased and subsequently cancelled 12,801,349 common shares held by PFC under the 2025 NCIB at a cost of \$768 million. Commencing on January 6, 2026, Lifeco is permitted to repurchase its shares from PFC under the renewed NCIB. See "Capital Structure – Equity – Common Shares" for further details.

Power Corporation also controls Sagard Holdings Inc. (Sagard), a multi-strategy alternative asset manager, Power Sustainable Manager Inc. (Power Sustainable), a global multi-platform alternative asset manager, and Portage Ventures (Portage), a global fintech venture capital investment entity. Lifeco has a minority investment in Sagard and a long-term strategic partnership with Power Sustainable. Lifeco and Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM, are investors in Northleaf Capital Partners Ltd. (Northleaf), a global private equity, private credit and infrastructure fund manager. The Company and its subsidiaries invest in funds and debt instruments managed by Sagard, Power Sustainable, Portage and Northleaf. Sagard also provides certain sub-advisory and property management services to the Company and its subsidiaries.

The Company provides asset management, employee benefits and administrative services for employee benefit plans relating to pension and other post-employment benefits for employees of the Company and its subsidiaries. These transactions were provided at market terms and conditions.

Quarterly Financial Information

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

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Insurance revenue	\$ 5,690	\$ 5,594	\$ 5,551	\$ 5,486	\$ 5,399	\$ 5,292	\$ 5,273	\$ 5,250
Net investment income	2,611	2,588	2,319	2,335	2,685	2,249	2,409	2,340
Changes in fair value on FVTPL assets	(5)	1,699	954	1,259	(2,981)	6,906	(864)	(1,385)
Fee and other income	2,052	1,984	1,948	1,911	1,952	1,806	1,794	1,672
Total revenue¹	\$ 10,348	\$ 11,865	\$ 10,772	\$ 10,991	\$ 7,055	\$ 16,253	\$ 8,612	\$ 7,877
Net earnings from continuing operations²								
Total	\$ 1,048	\$ 1,158	\$ 894	\$ 860	\$ 1,116	\$ 859	\$ 1,005	\$ 1,031
Basic - per share	1.15	1.25	0.96	0.92	1.20	0.92	1.08	1.10
Diluted - per share	1.14	1.25	0.96	0.92	1.19	0.92	1.08	1.10
Net earnings - Common Shareholders								
Total	\$ 1,048	\$ 1,158	\$ 894	\$ 860	\$ 1,116	\$ 859	\$ 1,005	\$ 960
Basic - per share	1.15	1.25	0.96	0.92	1.20	0.92	1.08	1.03
Diluted - per share	1.14	1.25	0.96	0.92	1.19	0.92	1.08	1.03

¹ Total revenue and its components exclude revenue from discontinued operations related to Putnam Investments.

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

Total revenue

Total revenue for the fourth quarter of 2025 was \$10.3 billion and comprises insurance revenue of \$5.6 billion (\$5.4 billion for the same quarter last year), net investment income of \$2.6 billion (\$2.7 billion for the same quarter last year), fee and other income of \$2.1 billion (\$2.0 billion for the same quarter last year) and changes in fair value through profit or loss on investment assets of negative \$5 million (negative \$3.0 billion for the same quarter last year).

Insurance revenue

Insurance revenue for the fourth quarter of 2025 was \$5.7 billion, an increase of \$0.3 billion compared to the same quarter last year, primarily due to higher earnings from short-term insurance contracts across all segments as well as higher CSM recognized for services provided in the Capital and Risk Solutions and Europe segments.

Total net investment income

Total net investment income, which includes net investment income and changes in fair value on FVTPL assets, for the fourth quarter of 2025 increased by \$2.9 billion compared to the same quarter last year.

- The changes in fair value in the fourth quarter of 2025 were immaterial compared to a decrease of \$3.0 billion in the fourth quarter of 2024, primarily due to an increase in bonds unrealized gains in Europe and U.S., driven by a decrease in bond yields.
- Net investment income in the fourth quarter of 2025 of \$2.6 billion, which excludes changes in fair value through profit or loss, decreased by \$0.1 billion compared to the same quarter last year, primarily due to the strengthening of the British pound and euro against the Canadian dollar, offset by an increase of bond income in Canada, Europe and Capital and Risk Solutions.

Fee and other income

Fee and other income for the fourth quarter of 2025 was \$2.0 billion, an increase of \$0.2 billion compared to the same quarter last year, primarily due to higher assets driven by higher markets across all regions.

Net earnings

Lifeco's consolidated net earnings attributable to common shareholders were \$1,048 million for the fourth quarter of 2025 compared to \$1,116 million for the same quarter last year. On a per share basis, this represents \$1.15 per common share (\$1.14 diluted) for the fourth quarter of 2025 compared to \$1.20 per common share (\$1.19 diluted) a year ago.

Additional Information

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

The consolidated financial statements of Great-West Lifeco Inc. are the responsibility of management and are prepared in accordance with International Financial Reporting Standards (IFRS). The financial information contained elsewhere in the annual report is consistent with that in the consolidated financial statements. The consolidated financial statements necessarily include amounts that are based on management's best estimates. These estimates are based on careful judgments and have been properly reflected in the consolidated financial statements. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the consolidated financial statements present fairly, in all material respects, the financial position of Great-West Lifeco and the results of its operations and its cash flows in accordance with IFRS.

In carrying out its responsibilities, management maintains appropriate internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The consolidated financial statements were approved by the Board of Directors, which has oversight responsibilities with respect to financial reporting. The Board of Directors carries out this responsibility principally through the Audit Committee, which comprises independent directors. The Audit Committee is charged with, among other things, the responsibility to:

- Review the interim and annual consolidated financial statements and report thereon to the Board of Directors.
- Review internal control procedures.
- Review the independence of the external auditors and the terms of their engagement and recommend the appointment and compensation of the external auditors to the Board of Directors.
- Review other audit, accounting and financial reporting matters as required.

In carrying out the above responsibilities, this Audit Committee meets regularly with management, and with both the Company's external and internal auditors to review their respective audit plans and to review their audit findings. The Committee is readily accessible to the external and internal auditors.

The Board of Directors of each of The Canada Life Assurance Company and Empower Annuity Insurance Company of America appoints an Actuary who is either a Fellow of the Canadian Institute of Actuaries or a Fellow of the Society of Actuaries. The Actuary:

- Ensures that the assumptions and methods used in the valuation of policy liabilities are in accordance with International Financial Reporting Standards, accepted actuarial practice, applicable legislation and associated regulations and directives, and the consolidated financial statements fairly present the result of the valuation.
- Examination of supporting data for accuracy and completeness is an important element of the work required to form this opinion.

Deloitte LLP Chartered Professional Accountants, as Great-West Lifeco's external auditors, have audited the consolidated financial statements. The Independent Auditor's Report to the Shareholders is presented following the consolidated financial statements. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary in order to obtain reasonable assurance that the consolidated financial statements present fairly, in all material respects, the financial position of the Company and the results of its operations and its cash flows in accordance with IFRS.

/s/ David Harney

/s/ Jon Nielsen

David Harney

Jon Nielsen

President and
Chief Executive Officer

Executive Vice-President and
Chief Financial Officer

Toronto, Ontario
February 11, 2026

Consolidated Statements of Earnings

(in Canadian \$ millions except per share amounts)

	For the years ended December 31	
	2025	2024
Insurance service result		
Insurance revenue (note 12)	\$ 22,321	\$ 21,214
Insurance service expenses (note 13)	(17,239)	(16,368)
Net expense from reinsurance contracts	(1,703)	(1,599)
	3,379	3,247
Net investment result (note 6)		
Net investment income	9,853	9,683
Changes in fair value on fair value through profit or loss assets	3,907	1,676
	13,760	11,359
Net finance income (expenses) from insurance contracts	(6,355)	(5,918)
Net finance income (expenses) from reinsurance contracts	(326)	(10)
Changes in investment contract liabilities	(5,002)	(2,932)
	2,077	2,499
Net investment result - insurance contracts on account of segregated fund policyholders		
Net investment income	5,044	6,828
Net finance income (expenses) from insurance contracts	(5,044)	(6,828)
	—	—
Other income and expenses		
Fee and other income	7,895	7,224
Operating and administrative expenses (note 13)	(7,461)	(7,050)
Amortization of finite life intangible assets (note 9)	(441)	(415)
Financing costs (note 19)	(379)	(402)
Restructuring and integration expenses (note 4)	(375)	(122)
	4,695	4,981
Earnings before income taxes		
Income taxes (note 29)	534	737
	4,161	4,244
Net earnings from continuing operations before non-controlling interests		
Attributable to non-controlling interests (note 21)	41	103
	4,120	4,141
Net earnings - common shareholders, before preferred share dividends and other equity distributions		
Preferred share dividends and other equity distributions	160	130
	3,960	4,011
Net earnings from continuing operations		
Net loss from discontinued operations	—	(115)
Net gain from disposal of discontinued operations	—	44
	\$ 3,960	\$ 3,940
Net earnings - common shareholders		
Earnings per common share (note 23)		
Basic	\$ 4.29	\$ 4.23
Diluted	\$ 4.26	\$ 4.21
Earnings per common share from continuing operations (note 23)		
Basic	\$ 4.29	\$ 4.30
Diluted	\$ 4.26	\$ 4.29

Consolidated Statements of Comprehensive Income

(in Canadian \$ millions)

	For the years ended December 31	
	2025	2024
Net earnings - common shareholders, before preferred share dividends and other equity distributions	\$ 4,120	\$ 4,070
Other comprehensive income (loss)		
Items that may be reclassified subsequently to Consolidated Statements of Earnings		
Unrealized foreign exchange gains (losses) on translation of foreign operations	(208)	1,413
Foreign exchange translation gains reclassified to earnings on disposal of foreign operations	—	(211)
Unrealized gains (losses) on hedges of the net investment in foreign operations	(243)	(172)
Income tax (expense) benefit	(1)	40
Unrealized gains (losses) on bonds and mortgages at fair value through other comprehensive income	130	113
Income tax (expense) benefit	(21)	(25)
Realized (gains) losses on bonds and mortgages at fair value through other comprehensive income (note 6)	(8)	47
Income tax expense (benefit)	3	(10)
Unrealized gains on cash flow hedges	240	64
Income tax (expense) benefit	(65)	(17)
Realized (gains) losses on cash flow hedges	(194)	(61)
Income tax expense (benefit)	52	16
Non-controlling interests	23	(109)
Income tax (expense) benefit	(6)	30
Total items that may be reclassified	(298)	1,118
Items that will not be reclassified to Consolidated Statements of Earnings		
Unrealized gains (losses) on stocks at fair value through other comprehensive income	155	(409)
Re-measurements on defined benefit pension and other post-employment benefit plans (note 26)	165	264
Income tax (expense) benefit	(45)	(72)
Non-controlling interests	(15)	(21)
Income tax (expense) benefit	4	6
Total items that will not be reclassified	264	(232)
Total other comprehensive income (loss)	(34)	886
Comprehensive income	\$ 4,086	\$ 4,956

Consolidated Balance Sheets

(in Canadian \$ millions)

	December 31 2025	December 31 2024
Assets		
Cash and cash equivalents (note 5)	\$ 8,902	\$ 10,709
Bonds (note 6)	174,468	167,114
Mortgage loans (note 6)	36,873	38,879
Stocks (note 6)	21,515	18,826
Investment properties (note 6)	8,293	8,257
	250,051	243,785
Insurance contract assets (note 14)	1,571	1,193
Reinsurance contract held assets (note 15)	16,850	17,842
Goodwill (note 9)	11,283	11,428
Intangible assets (note 9)	4,912	4,958
Derivative financial instruments (note 30)	1,863	2,431
Owner occupied properties (note 10)	829	789
Fixed assets (note 10)	395	346
Accounts and interest receivable	6,029	5,402
Other assets (note 11)	15,190	15,265
Current income taxes	401	272
Deferred tax assets (note 29)	2,285	2,066
Investments on account of segregated fund policyholders (note 17)	551,169	496,386
Total assets	\$ 862,828	\$ 802,163
Liabilities		
Insurance contract liabilities (note 14)	\$ 161,644	\$ 155,683
Investment contract liabilities (note 16)	89,042	90,157
Reinsurance contract held liabilities (note 15)	919	795
Debentures and other debt instruments (note 18)	8,792	9,469
Derivative financial instruments (note 30)	2,412	2,137
Accounts payable	3,981	3,524
Other liabilities (note 20)	10,431	10,230
Current income taxes	498	294
Deferred tax liabilities (note 29)	937	834
Insurance contracts on account of segregated fund policyholders (note 17)	70,418	66,343
Investment contracts on account of segregated fund policyholders (note 17)	480,751	430,043
Total liabilities	829,825	769,509
Equity		
Non-controlling interests (note 21)		
Participating account surplus in subsidiaries	3,079	3,041
Non-controlling interests in subsidiaries	67	72
Shareholders' equity		
Share capital (note 22)		
Limited recourse capital notes	1,500	1,500
Preferred shares	2,920	2,720
Common shares	5,983	6,071
Accumulated surplus	17,503	17,266
Accumulated other comprehensive income (note 27)	1,742	1,776
Contributed surplus	209	208
Total equity	33,003	32,654
Total liabilities and equity	\$ 862,828	\$ 802,163

Approved by the Board of Directors:

/s/ R. Jeffrey Orr

/s/ David Harney

Jeffrey Orr

David Harney

Chair of the Board

President and Chief Executive Officer

Consolidated Statements of Changes in Equity

(in Canadian \$ millions)

	December 31, 2025					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance, beginning of year	\$ 10,291	\$ 208	\$ 17,266	\$ 1,776	\$ 3,113	\$ 32,654
Net earnings - common shareholders, before preferred share dividends and other equity distributions	—	—	4,120	—	41	4,161
Other comprehensive income (loss)	—	—	—	(34)	(6)	(40)
	10,291	208	21,386	1,742	3,148	36,775
Preferred share dividends and other equity distributions (note 23)	—	—	(160)	—	—	(160)
Common share dividends	—	—	(2,253)	—	—	(2,253)
Shares exercised and issued under share-based payment plans (note 22)	99	(22)	—	—	16	93
Shares purchased and cancelled under normal course issuer bid (note 22)	(187)	—	(1,466)	—	—	(1,653)
Equity settlement of subsidiary's share-based plans	—	—	—	—	(8)	(8)
Issuance of preferred shares (note 22)	200	—	—	—	—	200
Share issue costs (note 22)	—	—	(4)	—	—	(4)
Share-based payment plans expense	—	23	—	—	—	23
Derecognition of non-controlling interest in subsidiary	—	—	—	—	(10)	(10)
Balance, end of year	\$ 10,403	\$ 209	\$ 17,503	\$ 1,742	\$ 3,146	\$ 33,003

	December 31, 2024					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, beginning of year	\$ 10,220	\$ 234	\$ 15,492	\$ 890	\$ 3,015	\$ 29,851
Net earnings - common shareholders, before preferred dividends	—	—	4,070	—	103	4,173
Other comprehensive income	—	—	—	886	94	980
	10,220	234	19,562	1,776	3,212	35,004
Preferred share dividends (note 23)	—	—	(130)	—	—	(130)
Common share dividends	—	—	(2,069)	—	—	(2,069)
Shares exercised and issued under share-based payment plans (note 22)	88	(20)	—	—	12	80
Shares purchased and cancelled under normal course issuer bid (note 22)	(17)	—	(97)	—	—	(114)
Equity settlement of subsidiary's share-based plans	—	—	—	—	(9)	(9)
Impact of sale of discontinued operations	—	(32)	—	—	(99)	(131)
Share-based payment plans expense	—	26	—	—	—	26
Derecognition of non-controlling interest in subsidiary	—	—	—	—	(3)	(3)
Balance, end of year	\$ 10,291	\$ 208	\$ 17,266	\$ 1,776	\$ 3,113	\$ 32,654

Consolidated Statements of Cash Flows

(in Canadian \$ millions)

	For the years ended December 31	
	2025	2024
Operations		
Earnings before income taxes	\$ 4,695	\$ 4,821
Income taxes paid, net of refunds received	(764)	(707)
Adjustments:		
Change in insurance contract liabilities	5,024	5,636
Change in investment contract liabilities	3,132	(5,538)
Change in reinsurance contract held liabilities	120	115
Change in reinsurance contract held assets	663	586
Change in insurance contract assets	(371)	38
Changes in fair value through profit or loss	(3,907)	(1,676)
Sales, maturities and repayments of portfolio investments	56,482	43,805
Purchases of portfolio investments	(61,194)	(42,566)
Other	(1,172)	237
	2,708	4,751
Financing Activities		
Issue of common shares	99	88
Issue of preferred shares (note 22)	200	—
Share issue costs (note 22)	(4)	—
Purchased and cancelled common shares	(1,653)	(114)
Repayment of senior notes (note 3)	(689)	—
Increase in line of credit of subsidiaries	138	—
Decrease in line of credit of subsidiaries	—	(60)
Dividends paid on common shares	(2,253)	(2,069)
Dividends paid on preferred shares & other equity distributions	(160)	(130)
	(4,322)	(2,285)
Investment Activities		
Impact from sale of discontinued operations	—	(211)
Investment in associates and joint ventures	(56)	(121)
Business acquisitions, net of cash and cash equivalents acquired	—	(76)
	(56)	(408)
Effect of changes in exchange rates on cash and cash equivalents	(137)	534
Increase (decrease) in cash and cash equivalents	(1,807)	2,592
Cash and cash equivalents, beginning of year	10,709	8,117
Cash and cash equivalents, end of year	\$ 8,902	\$ 10,709
Supplementary cash flow information		
Interest income received	\$ 8,037	\$ 7,657
Interest paid	389	410
Dividend income received	512	494

(in Canadian \$ millions except per share amounts and where otherwise indicated)

1. Corporate Information

Great-West Lifeco Inc. (Lifeco or the Company) is a publicly listed company (Toronto Stock Exchange: GWO), incorporated and domiciled in Canada. The registered address of the Company is 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, wealth and asset management, and reinsurance businesses, primarily in Canada, the United States and Europe through its operating subsidiaries including The Canada Life Assurance Company (Canada Life) and Empower Annuity Insurance Company of America (Empower).

The consolidated financial statements (financial statements) of the Company as at and for the year ended December 31, 2025 were approved by the Board of Directors on February 11, 2026.

2. Basis of Presentation and Summary of Material Accounting Policies

The consolidated financial statements of the Company have been prepared in compliance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB). Consistent accounting policies were applied in the preparation of the consolidated financial statements of the subsidiaries of the Company.

Changes in Accounting Policies

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

Basis of Consolidation

The consolidated financial statements of the Company were prepared as at and for the year ended December 31, 2025 with comparative information as at and for the year ended December 31, 2024. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The Company has control when it has the power to direct the relevant activities, has significant exposure to variable returns from these activities and has the ability to use its power to affect the variable returns. All intercompany balances and transactions, including income and expenses, profits or losses and dividends, are eliminated on consolidation.

Use of Significant Judgments, Estimates and Assumptions

In preparation of these consolidated financial statements, management is required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosures. Key sources of estimation uncertainty and areas where significant judgments have been made are listed below and discussed throughout the notes to these consolidated financial statements including:

- Management applies judgment in determining the fair value of assets acquired and liabilities assumed in a business combination.
- Management applies judgment in determining the assets and liabilities to be included in a disposal group, and uses estimates in the determination of the fair value for disposal groups, including contingent consideration and costs to sell.
- Management uses independent qualified appraisal services to determine the fair value of investment properties, which utilize judgments and estimates. These appraisals are adjusted by applying management judgments and estimates for material changes in property cash flows, capital expenditures or general market conditions (note 6).
- Management uses internal valuation models which utilize judgments and estimates to determine the fair value of equity release mortgages. These valuations are adjusted by applying management judgments and estimates for material changes in projected asset cash flows, and discount rates (note 6).
- In the determination of the fair value of financial instruments, management exercises judgment in the determination of fair value inputs, particularly those items categorized within level 3 of the fair value hierarchy (note 8).
- Cash generating units for intangible assets and cash generating unit groupings for goodwill have been determined by management as the lowest level that the assets are monitored for internal reporting purposes, which requires management judgment in the determination of the lowest level of monitoring (note 9).

- Management evaluates the future benefit for initial recognition and measurement of goodwill and intangible assets as well as testing the recoverable amounts. The determination of the carrying value and recoverable amounts of the cash generating unit groupings for goodwill and cash generating units for intangible assets relies upon the determination of fair value or value-in-use using valuation methodologies (note 9).
- Management applies judgment in determining whether deferred acquisition costs and deferred income reserves can be recognized on the Consolidated Balance Sheets. Deferred acquisition costs are recognized if management determines the costs meet the definition of an asset, are incremental and related to the issuance of the investment contract (notes 11 and 20).
- Management applies judgment when evaluating the classification of insurance and reinsurance contracts to determine whether these arrangements should be accounted for as insurance, investment or service contracts.
- The actuarial assumptions, such as mortality, longevity, morbidity, expense and policyholder behaviour, used in the valuation of insurance and certain investment contract liabilities require judgment and estimation (notes 14 and 16).
- Management applies judgment in determining the coverage units which are based on an estimate of the quantity of coverage provided by the contracts in a group, considering the quantity of benefits provided and the expected coverage duration.
- The Company considers all terms of contracts it issues to determine whether there are amounts payable to the policyholder in all circumstances, regardless of contract cancellation, maturity, and the occurrence or non-occurrence of an insured event. Some amounts, once paid by the policyholder, are repayable to the policyholder in all circumstances. The Company considers such payments to meet the definition of an investment component, irrespective of whether the amount repayable varies over the term of the contract as the amount is repayable only after it has first been paid by the policyholder.
- In determining discount rates to apply to most insurance contract liability cash flows, the Company generally uses the top-down approach for cash flows of non-participating contracts that do not depend on underlying items. Applying this approach, the Company uses the yield curve implied in a reference portfolio of assets and adjusts it to exclude 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 cash flows. One of the key sources of estimation uncertainty is estimating the market risk premiums for credit risk of the underlying items that are only relevant to assets included in the reference portfolio, but not to the non-participating contracts. For some products, discount rates are set using a bottom-up approach, based on risk-free rates, plus an illiquidity premium, which also requires judgment (note 14).
- When determining the risk adjustment for non-financial risk, the Company applies judgment in reflecting diversification and calculating the confidence level.
- The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition and subsequently, with fulfillment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information is available to make this assessment. The Company applies judgment in determining at what level of granularity the Company has sufficient information to conclude that all contracts within a set will be in the same group.
- The measurement of impairment losses under IFRS 9, *Financial Instruments* (IFRS 9) across relevant financial assets requires judgment, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk.
- The actuarial assumptions used in determining the expense and benefit obligations for the Company's defined benefit pension plans and other post-employment benefits requires judgment and estimation. Management reviews previous experience of its plan members and market conditions including interest rates and inflation rates in evaluating the assumptions used in determining the expense for the current year (note 26).
- The Company operates within various tax jurisdictions where management judgments and estimates are required when interpreting the relevant tax laws, regulations and legislation in the determination of the Company's tax provisions and the carrying amounts of its tax assets and liabilities (note 29).
- Management applies judgment in assessing the recoverability of the deferred income tax asset carrying values based on future years' taxable income projections (note 29).
- Legal and other provisions are recognized resulting from a past event which, in the judgment of management, has resulted in a probable outflow of economic resources which would be passed to a third-party to settle the obligation. Management applies judgment in evaluating the possible outcomes and risks in determining the best estimate of the provision at the balance sheet date (note 31).

- The operating segments of the Company are the segments reviewed by the Company's Chief Executive Officer to assess performance and allocate resources within the Company. Management applies judgment in the aggregation of the business units into the Company's operating segments (note 33).
- The Company consolidates all subsidiaries and entities which management determines that the Company controls. Control is evaluated on the ability of the Company to direct the activities of the subsidiary or entity to derive variable returns and management applies judgment in determining whether control exists. Judgment is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns.
- Management applies judgment when determining whether the Company retains the primary obligation with a client in sub-advisor arrangements. Where the Company retains the primary obligation to the client, revenue and expenses are recorded on a gross basis.
- The results of the Company reflect management's judgments regarding the impact of prevailing global credit, equity and foreign exchange market conditions. The Company's practice is to use third-party independent credit ratings where available. Judgment is required when setting credit ratings for instruments that do not have a third-party rating.

The material accounting policies are as follows:

(a) Portfolio Investments

Portfolio investments that meet the definition of a financial asset include bonds, mortgage loans and stocks.

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.

A financial asset is classified as FVOCI if it meets the following criteria and is not designated as FVTPL:

- It is held in a business model whose objective is to hold to collect contractual cash flows and sell financial assets, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- It is an investment in an equity instrument that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination, and at initial recognition, the Company has made an irrevocable election to present subsequent changes in FVOCI.

A financial asset is classified as amortized cost if it meets the following criteria and is not designated as FVTPL:

- It is held in a business model whose objective is to hold to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

FVOCI investments are recognized at fair value on the Consolidated Balance Sheets with unrealized gains and losses recorded in the Consolidated Statements of Other Comprehensive Income.

Any financial asset that does not qualify for measurement at amortized cost or FVOCI is classified as FVTPL. For financial instruments that meet the amortized cost or FVOCI criteria, the Company may exercise the option to designate, at initial recognition, such financial instruments as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Investments measured as FVTPL are recognized at fair value on the Consolidated Balance Sheets with realized and unrealized gains and losses recorded in the Consolidated Statements of Earnings.

Investments in stocks, except for those where the Company exerts significant influence, are classified on initial recognition as FVTPL unless an irrevocable designation is made to classify an individual instrument as FVOCI.

Interest income earned on bonds and mortgages is calculated using the effective interest method and is recorded within net investment result in the Consolidated Statements of Earnings.

Investment properties are real estate held to earn rental income or for capital appreciation. Investment properties are initially measured at cost and subsequently carried at fair value on the Consolidated Balance Sheets. All changes in fair value are recorded within the net investment result in the Consolidated Statements of Earnings. Properties held to earn rental income or for capital appreciation that have an insignificant portion that is owner occupied or where there is no intent to occupy on a long-term basis are classified as investment properties. Properties that do not meet these criteria are classified as owner

occupied properties. Property that is leased that would otherwise be classified as investment property if owned by the Company is also included within investment properties.

Investments in Joint Arrangements and Associates

The Company recognizes an investee as a joint venture when the Company or one of its subsidiaries requires unanimous consent with other investor(s) over decisions about the relevant activities of the investee. An associate is an entity which the Company exercises significant influence over the entity's financial and operating policies without having control or joint control.

The Company applies equity method accounting to its investments in joint ventures and associates. Under the equity method, an investment in a joint venture or an associate is recognized initially on the Consolidated Balance Sheets at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income. The Company's investments in associates and joint ventures are presented as stocks on the Consolidated Balance Sheets. The Company's proportionate share of the associate's or joint venture's earnings is recorded in net investment income in the Consolidated Statements of Earnings.

Fair Value Measurement

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

Bonds - FVTPL and FVOCI

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

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

Mortgages - FVTPL and FVOCI

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

Equity Release Mortgages - FVTPL

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

Stocks - FVTPL and FVOCI

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

Investment Properties

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

Net Investment Income Recognition

Interest income on bonds and mortgages is recognized and accrued using the effective interest method.

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed stocks, and usually the notification date or date when the shareholders have approved the dividend for private equity instruments.

Investment property income includes rents earned from tenants under lease agreements and property tax and operating cost recoveries. Rental income leases with contractual rent increases and rent-free periods are recognized on a straight-line basis over the term of the lease.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Consolidated Statements of Earnings. In addition, on derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously accumulated is reclassified to the Consolidated Statements of Earnings. On derecognition of stocks designated as FVOCI, the cumulative gain or loss previously accumulated remains in equity.

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

Stage 1

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

Stage 2

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

Stage 3

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

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

Modified Financial Assets

An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the Company's accounting policies.

If modification does not result in derecognition, the financial asset continues to be subject to the assessment for significant increase in credit risk relative to initial recognition. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having lifetime ECLs, such loans can revert to having 12-month ECLs if the borrower's financial condition improves.

Definition of Default

The definition of default used in the measurement of ECL is consistent with the definition used for the Company's internal credit risk management purposes. A financial asset is considered to be in default when the issuer is unlikely to meet its credit obligations in full or when it is 90 days past due.

Securities Lending

The Company engages in securities lending through its securities custodians as lending agents. Loaned securities are not derecognized, and continue to be reported within invested assets, as the Company retains substantial risks and rewards and economic benefits related to the loaned securities.

(b) Transaction Costs

Transaction costs are expensed as incurred for financial instruments classified as FVTPL. Transaction costs are capitalized for all other classifications of financial instruments at acquisition, and taken into net earnings using the effective interest method for fixed income instruments or when sold for equity instruments.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash, current operating accounts, overnight bank and term deposits with maturities of three months or less held for the purpose of meeting short-term cash requirements. Net payments in transit and overdraft bank balances are included in other liabilities.

(d) Trading Account Assets

Trading account assets include the portfolio investments of the Company's consolidated Collateralized Loan Obligations (CLOs), sponsored funds, open ended investment companies and sponsored unit-trusts, which are carried at fair value based on the net asset value of these funds. Investments in these assets are included in other assets on the Consolidated Balance Sheets with realized and unrealized gains and losses reported in the Consolidated Statements of Earnings.

Each CLO is a special purpose vehicle that owns a portfolio of investments, consisting primarily of senior secured loans, and issues various tranches of senior and subordinated notes to third parties for the purpose of financing the purchase of those investments. Assets of the special purpose vehicle, the senior secured loans, are included in other assets and the associated liabilities, the senior and subordinated notes issued to third parties, are included in other liabilities on the Consolidated Balance Sheets.

(e) Debentures and Other Debt Instruments and Capital Trust Securities

Debentures and other debt instruments and capital trust securities are initially recorded on the Consolidated Balance Sheets at fair value and subsequently carried at amortized cost using the effective interest method with amortization expense recorded in financing costs in the Consolidated Statements of Earnings. These liabilities are derecognized when the obligation is cancelled or redeemed.

(f) Other Assets and Other Liabilities

Other assets includes prepaid expenses, deferred acquisition costs, finance leases receivable, right-of-use assets and other miscellaneous assets, which are measured at cost or amortized cost. Other assets also includes funds held under investment contracts, which comprises of cash and cash equivalents, bonds, mortgages and other miscellaneous assets, which are measured in accordance with the Company's corresponding accounting policies.

Other liabilities includes deferred income reserves, bank overdraft, lease liabilities and other miscellaneous liabilities, which are measured at cost or amortized cost.

Other liabilities also include notes of consolidated CLOs, which are classified as FVTPL. Gains or losses are recognized in net investment income in the Consolidated Statements of Earnings.

Provisions are recognized within other liabilities when the Company has a present obligation, either legal or constructive, resulting from a past event, and in management's judgment, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount. The amount recognized for provisions are management's best estimate at the balance sheet date. The Company recognizes a provision for restructuring when a detailed formal plan for the restructuring has been established and that the plan has raised a valid expectation in those affected that the restructuring will occur.

Pension and other post-employment benefits also included within other assets and other liabilities are measured in accordance with note 2(r).

(g) Disposal Group Classified As Held For Sale and Discontinued Operations

Disposal groups are classified as held for sale when the carrying amount will be recovered through a sale transaction rather than continuing use. The fair value of a disposal group is measured at the lower of its carrying amount and fair value less costs to sell. Individual assets and liabilities in a disposal group not subject to these measurement requirements include financial assets, investment properties and insurance contract liabilities. These assets and liabilities are measured in accordance with the relevant accounting policies described for those assets and liabilities included in this note before the disposal group as a whole is measured to the lower of its carrying amount and fair value less cost to sell. Any impairment loss for the disposal group is recognized as a reduction to the carrying amount for the portion of the disposal group under the measurement requirements for IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*.

Disposal group assets and liabilities classified as held for sale are presented separately on the Company's Consolidated Balance Sheets. Gains and losses from disposal groups held for sale are presented separately in the Company's Consolidated Statements of Earnings.

A disposal group qualifies as a discontinued operation if it is a component of an entity for which operations and cash flows can be clearly distinguished from the rest of the Company, that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal and when the operation meets the criteria to be classified as held for sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in net earnings (loss) from discontinued operations in the Consolidated Statements of Earnings.

When an operation is classified as a discontinued operation, the comparative Consolidated Statements of Earnings is re-presented as if the operation had been discontinued from the beginning of the comparative year.

(h) Derivative Financial Instruments and Hedging

The Company uses derivative products as risk management instruments to hedge or manage asset, liability and capital positions, including fee and investment income. The Company's policy guidelines prohibit the use of derivative instruments for speculative trading purposes.

The Company includes disclosure of the maximum credit risk, future credit exposure, credit risk equivalent and risk weighted equivalent in note 30 as prescribed by the Office of the Superintendent of Financial Institutions (OSFI) in Canada.

All derivatives including those that are embedded in financial and non-financial contracts that are not closely related to the host contracts are recorded at fair value on the Consolidated Balance Sheets. The method of recognizing unrealized and realized fair value gains and losses depends on whether the derivatives are designated as hedging instruments. For derivatives that are not designated as hedging instruments, unrealized and realized gains and losses are recorded within the net investment result in the Consolidated Statements of Earnings. For derivatives designated as hedging instruments, unrealized and realized gains and losses are recognized according to the nature of the hedged item.

Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs.

As permitted under IFRS 9, the Company has elected to continue to apply the hedge accounting principles under IAS 39, *Financial Instruments*, instead of those under IFRS 9. To qualify for hedge accounting, the relationship between the hedged item and the hedging instrument must meet several strict conditions on documentation, probability of occurrence, hedge effectiveness and reliability of measurement. If these conditions are not met, the relationship does not qualify for hedge accounting treatment and both the hedged item and the hedging instrument are reported independently as if there was no hedging relationship.

Where a hedging relationship exists, the Company documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. This process includes linking derivatives that are used in hedging transactions to specific assets and liabilities on the Consolidated Balance Sheets or to specific firm commitments or forecasted transactions. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items. Hedge effectiveness is reviewed quarterly through correlation testing. Hedge accounting is discontinued when the hedging no longer qualifies for hedge accounting.

Derivatives Not Designated as Hedges for Accounting Purposes

For derivative investments not designated as accounting hedges, changes in fair value are recorded in the net investment result.

Fair Value Hedges

For fair value hedges, changes in fair value of both the hedging instrument and the hedged risk are recorded in the net investment result and consequently any ineffective portion of the hedge is recorded immediately in the net investment result.

The Company currently uses foreign exchange forward contracts designated as fair value hedges.

Cash Flow Hedges

For cash flow hedges, the effective portion of the changes in fair value of the hedging instrument is recorded in the same manner as the hedged item while the ineffective portion is recognized immediately in the net investment result. Gains and losses that accumulate in other comprehensive income are recorded in the net investment result in the same period the hedged item affects net earnings. Gains and losses on cash flow hedges are immediately reclassified from other comprehensive income to the net investment result if and when it is probable that a forecasted transaction is no longer expected to occur.

The Company currently uses interest rate swaps, cross-currency swaps and equity total return swaps designated as cash flow hedges.

Net Investment Hedges

For net investment hedges, the effective portion of changes in the fair value of the hedging instrument is recorded in other comprehensive income while the ineffective portion is recognized immediately in the net investment result. The unrealized foreign exchange gains (losses) on the instruments are recorded within accumulated other comprehensive income and will be reclassified into net earnings when the Company disposes of the foreign operation.

The Company currently uses cross-currency swaps, foreign exchange forward contracts, and debt instruments designated as net investment hedges.

(i) Foreign Currency Translation

The Company operates with multiple functional currencies. The Company's consolidated financial statements are presented in Canadian dollars as this presentation is most meaningful to financial statement users. For those subsidiaries with different functional currencies, exchange rate differences arising from the translation of monetary items that form part of the net investment in the foreign operation are recorded in unrealized foreign exchange gains (losses) on translation of foreign operations in other comprehensive income.

For the purpose of presenting consolidated financial statements, assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet dates and all income and expense items are translated at an average of daily rates. Unrealized foreign currency translation gains and losses on translation of the Company's net investment in its foreign operations are presented separately as a component of other comprehensive income. Unrealized gains and losses will be recognized proportionately within the Consolidated Statements of Earnings when there has been a disposal of the investment in the foreign operations.

Foreign currency translation gains and losses on foreign currency transactions of the Company are included in the net investment result.

(j) Business Combinations, Goodwill and Intangible Assets

Business combinations are accounted for using the acquisition method. The Company identifies and classifies, in accordance with the Company's accounting policies, all assets acquired and liabilities assumed as at the acquisition date. Goodwill represents the excess of purchase consideration over the fair value of net assets of the acquired subsidiaries of the Company. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Intangible assets represent finite life and indefinite life intangible assets of acquired subsidiaries of the Company and software acquired or internally developed by the Company. Finite life intangible assets include the value of technology/software, certain brands and trademarks, certain customer contracts and distribution channels. These finite life intangible assets are amortized over their estimated useful lives, typically ranging between 3 and 30 years.

Indefinite life intangible assets include brands and trademarks, certain customer contracts and the shareholders' portion of acquired future participating account profits. Amounts are classified as indefinite life intangible assets when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The identification of indefinite life intangible assets is made by reference to relevant factors such as product life cycles, potential obsolescence, industry stability and competitive position. Following initial recognition, indefinite life intangible assets are measured at cost less accumulated impairment losses.

Impairment Testing

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

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

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

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

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

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

(k) Fee and Other Income Recognition

Fee income includes fees earned from management of investment contracts on account of segregated fund policyholders, proprietary mutual fund assets, record-keeping, fees earned on administrative services only Group health contracts, commissions and fees earned from management services. Fee and other income is recognized on the transfer of services to customers for the amount that reflects the consideration expected to be received in exchange for those services promised.

The Company has sub-advisor arrangements where the Company retains the primary obligation with the client; as a result, fee income earned is reported on a gross basis with the corresponding sub-advisor expense recorded in operating and administrative expenses.

(l) Owner Occupied Properties and Fixed Assets

Property held for own use and fixed assets are carried at cost less accumulated depreciation, disposals and impairments. Depreciation is expensed over the estimated useful lives of the assets, using the straight-line method, on the following bases:

Owner occupied properties	15 - 20 years
Furniture and fixtures	5 - 10 years
Other fixed assets	3 - 10 years

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted if necessary.

(m) Deferred Acquisition Costs

Included in other assets are deferred acquisition costs related to investment contracts and service contracts. These are recognized as assets if the costs are incremental and incurred due to the contract being issued and are primarily amortized on a straight-line basis over the term of the contract, not to exceed 20 years.

(n) Segregated Funds

Segregated fund assets and liabilities arise from contracts where all financial risks associated with the related assets are borne by policyholders and are presented separately on the Consolidated Balance Sheets. The assets and liabilities are set equal to the fair value of the underlying asset portfolio. Segregated fund contracts are classified as insurance contracts or investment contracts following the classification criteria described in the accounting policy for Insurance Contracts, Investment Contracts and Reinsurance Contracts Held. Investment income and changes in fair value of the segregated fund assets are offset by a corresponding change in the segregated fund liabilities. The Company accounts for guarantees on its segregated fund products within insurance contract liabilities on the Consolidated Balance Sheets.

(o) Insurance Contracts, Investment Contracts and Reinsurance Contracts Held

Contract Classification

Insurance Contracts

The Company identifies insurance contracts as arrangements where the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or beneficiary of the contract for specified uncertain future events that adversely affect the policyholder and for which the amount and timing is unknown.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

When the Company issues insurance contracts to compensate another entity for claims arising from one or more insurance contracts issued by that other entity, the associated contracts are reinsurance contracts issued which is part of insurance contracts issued.

Investment Contracts

In the absence of significant insurance risk, the Company classifies contracts as investment contracts or service contracts. Investment contracts with discretionary participating features are accounted for in accordance with IFRS 17, *Insurance Contracts* (IFRS 17) and investment contracts without discretionary participating features are accounted for in accordance with IFRS 9. The Company has not classified any contracts as investment contracts with discretionary participating features.

Investment contracts may be reclassified as insurance contracts after inception if insurance risk becomes significant. A contract that is classified as an insurance contract at contract inception remains as such until all rights and obligations under the contract are extinguished or expire. Investment contracts are contracts that carry financial risk, which is the risk of a possible future change in one or more of the following: interest rate, commodity price, foreign exchange rate, or credit rating. Refer to note 7 for discussion of risk management.

Investment contracts are measured at FVTPL in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring the assets that back the contract on different bases.

Reinsurance Contracts Held

The Company enters into arrangements to transfer insurance risk, along with the respective premiums, to one or more reinsurers who will share the risks. To the extent that assuming reinsurers are unable to meet their obligations, the Company remains liable to its policyholders for the portion reinsured. Contracts of this nature are defined as reinsurance contracts held.

Separating Components from Insurance and Reinsurance Contracts

At inception, the Company separates the following components from an insurance or reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- Derivatives embedded in the contract which have economic characteristics and risks that are not closely related to those of the host contract, and which have terms that would not meet the definition of an insurance or reinsurance contract held as a stand-alone instrument; and
- Distinct investment components: investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer distinct goods or non-insurance services to policyholders and accounts for them as separate contracts with customers. A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A

good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

Level of Aggregation

The Company determines its level of aggregation for the insurance contracts issued by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. The Company has defined portfolios of insurance contracts issued based on its product lines. Portfolios are further disaggregated into groups of contracts that are issued within an annual period (typically a financial year) and are further divided into onerous contracts, contracts that have no significant possibility of becoming onerous subsequently, and all other contracts. An insurance contract is onerous if, at the date of initial recognition, the estimated fulfillment cash flow expectations determined on a probability-weighted basis is a net outflow. The Company's evaluation of whether contracts are onerous is based on reasonable and supportable information. The Company has not identified any groups of insurance contracts that have no significant possibility of becoming onerous subsequently.

In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation. Contracts are aggregated into groups once they have been initially recognized.

The Company has defined portfolios of reinsurance contracts held based on the portfolios of the underlying insurance contracts issued. Groups of reinsurance contracts held that are entered into within an annual period (typically a financial year) are divided based on whether they are in a net gain or net loss position at initial recognition.

Some reinsurance contracts held provide cover for underlying contracts that are included in different groups. However, these contracts' legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different remaining coverages lapse together and are not sold separately. As a result, the reinsurance contract held is not separated into multiple insurance components that relate to different underlying groups.

Initial Recognition

The Company recognizes a group of insurance contracts that it issues from the earliest of:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, when the group becomes onerous if facts and circumstances indicate there is such a group.

A group of reinsurance contracts held is recognized on the following date:

- Reinsurance contracts held initiated by the Company that provide proportionate coverage: the date on which any underlying insurance contract is initially recognized;
- Other reinsurance contracts held initiated by the Company: the beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into before that earlier date, then the group of reinsurance contracts held is recognized on that earlier date; and
- Reinsurance contracts held that are acquired by the Company: the date of acquisition.

Contract Boundaries

The Company includes in the measurement of a group of insurance and reinsurance contracts held all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums (or is compelled to pay amounts to a reinsurer), or in which the Company has a substantive obligation to provide the policyholder with services (or receive services from a reinsurer). A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and

- The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

For reinsurance contracts held, a substantive obligation to receive services ends when the reinsurer has the practical ability to reassess the risk transferred to it and, as a result, can set a price or level of benefits that fully reflects those risks, or the reinsurer has the substantive right to terminate the coverage.

For insurance contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of renewals is established by the Company after considering the risks and terms of coverage for the policyholder, with reference to the pricing of contracts with equivalent risks and terms on the renewal dates. The Company reassesses the contract boundary of each group at the end of each reporting period.

Liabilities or assets relating to expected premiums or claims outside the boundary of the insurance contract are not recognized as these amounts relate to future insurance contracts.

Measurement of Insurance Contracts

There are three measurement models provided by IFRS 17 to measure insurance contracts:

- The General Measurement Model (GMM);
- The Variable Fee Approach (VFA); and
- The Premium Allocation Approach (PAA).

The General Measurement Model

The Company applies this model to its medium to long-term insurance products, such as individual protection, payout annuities, and longevity swaps.

Initial Measurement

On initial recognition, the Company measures a group of insurance contracts as the total of the fulfillment cash flows, and the contractual service margin (CSM).

Fulfillment Cash Flows

Fulfillment cash flows comprise probability-weighted estimates of future cash flows, discounted to reflect the time value of money and the associated financial risks, plus a risk adjustment for non-financial risk.

The Company estimates future contractual cash flows within the contracts' boundary by considering evidence from current and past conditions, as well as possible future conditions to reflect market and non-market variables impacting the valuation of cash flows. The estimates of these cash flows are based on probability-weighted expected values that reflect the average of a full range of possible outcomes and includes an explicit risk adjustment for non-financial risk. The risk adjustment is the compensation the Company receives in fulfilling an insurance contract that arises from uncertainties surrounding the amount and timing of cash flows for non-financial risks. The non-financial risk assumptions are mortality, longevity, morbidity, lapse, and expense. Estimates and assumptions are reviewed periodically for appropriateness in reflecting current, past, and future conditions.

When estimating fulfillment cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cashflows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims;
- Premium and other transaction-based taxes and cash flows from loans to policyholders;
- Insurance acquisition cash flows which are allocated to groups of contracts on a systematic and rational basis;
- Other fixed and variable expenses directly attributable to the fulfillment of insurance contracts;
- Investment expenses incurred in investment activities related to underlying items such as universal life funds and segregated fund account balances; and
- The impact of funds withheld for reinsurance contracts issued to manage credit risk.

Contractual Service Margin

The CSM of a group of insurance contracts represents the unearned profit that the Company expects to recognize in the future as it provides services under those contracts.

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

Discount Rates

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

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

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

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.

Insurance Acquisition Cash Flows

Insurance acquisition cash flows arise from selling and underwriting activities required to initiate a group of contracts.

Any assets or liabilities for insurance acquisition cash flows recognized before the corresponding insurance contracts are recognized and included in the carrying amount of the related groups of insurance contracts issued. Judgments are applied by management to determine which costs are directly attributable to the issuance of a group of contracts and the portion of those costs that are allocated to groups of contracts arising from expected renewals.

The asset for insurance acquisition cash flows is tested for impairment annually or more frequently if facts and circumstances indicate that impairment may have occurred. In testing for impairment, the carrying value of the asset is compared to the expected net cash inflow for the related group of insurance contracts.

Additionally, if a portion of the asset for insurance acquisition cash flows has been allocated to future renewals of the related group of contracts, the carrying value of the asset is compared to the expected net cash inflow for those expected renewals. If the carrying value exceeds the expected net cash inflows described above, a loss is recognized in the insurance service result. In the event that facts and circumstances indicate the asset for insurance acquisition cash flows is no longer impaired, the impairment loss, or a portion thereof, is reversed.

Subsequent Measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

- The liability for remaining coverage comprises the fulfillment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date.

- The liability for incurred claims comprises the fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfillment cash flows for groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates, and current estimates of risk adjustment for non-financial risk.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- Interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- The changes in fulfillment cash flows that relate to future services (measured using initial recognition discount rates), except to the extent that:
 - Any increases in the fulfillment cash flows that exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in the Consolidated Statements of Earnings and creates a loss component; or
 - Any decreases in the fulfillment cash flows are allocated to the loss component, reversing losses previously recognized in the Consolidated Statements of Earnings.
- The effect of any currency exchange differences on the CSM; and
- The amount recognized as insurance revenue because of the services provided in the period.

The changes in fulfillment cash flows that relate to future services that adjust the CSM comprise of:

- Experience adjustments arising from premium and premium related cash flows received in the period that relate to future services;
- Changes in both estimates of the present value of future cash flows and risk adjustment in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money and financial risk changes; and
- Differences between any investment components not separated from the contract expected to become payable in the period (after allowing for financial experience variance) and the actual investment component that becomes payable in the period, measured at the discount rates determined on initial recognition.

Changes in expected future discretionary cash flows are regarded as an assumption relating to future services and accordingly adjust the CSM.

Changes in fulfillment cash flows that relate to current or past service are recognized in the Consolidated Statements of Earnings as part of the insurance service result. Changes that relate to the effects of the time value of money and financial risk are recognized in insurance finance income or expenses.

The Variable Fee Approach

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

Recognition

The Company will recognize an insurance contract under the VFA if it meets all of the following conditions at initial recognition:

- The policyholder participates in a share of a clearly identified pool of underlying items;
- The Company expects to pay the policyholder an amount equal to a substantial share of the returns from the underlying items; and
- The substantial proportion of the cash flows the Company expects to pay to the policyholder is expected to vary with cash flows from the underlying items.

The Company performs the test for VFA qualification at initial recognition.

Initial Measurement

Similar to the GMM, the VFA initially measures the insurance contract liabilities as the fulfillment cash flows plus CSM.

Subsequent Measurement

For a group of insurance contracts applying the VFA, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted for the following:

- The effect of any new contracts added to the group;
- The Company's share of the change in the fair value of the underlying items, except to the extent that:
 - The Company has a previously documented risk-management objective and strategy for using derivatives to mitigate financial risk arising from the insurance contracts, as it does for the insured assets contracts;
 - The Company's share of a decrease in the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss; or
 - The Company's share of an increase in the fair value of the underlying items reverses the amount previously recognized as a loss.
- The changes in fulfillment cash flows, relating to future service, except to the extent that:
 - The Company has a previously documented risk-management objective and strategy for using derivatives to mitigate financial risk arising from the insurance contracts, as it does for insured assets contracts;
 - Such increases in the fulfillment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or
 - Such decreases in the fulfillment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM; and
- The amount recognized as insurance revenue because of the services provided in the period.

Risk Mitigation

The Company mitigates the financial risks created by guarantees embedded in some of their insurance contracts with direct participation features through the use of derivatives and reinsurance contracts held. The derivatives are in the scope of IFRS 9 with changes in their fair value reflected in the Consolidated Statements of Earnings. In applying risk mitigation, the financial impact on the guarantees embedded in these direct participating contracts do not adjust the CSM and are also reflected in the Consolidated Statements of Earnings.

Premium Allocation Approach

The Company applies this model to its short-term insurance products, such as group life and health.

RecognitionContracts with Coverage Periods of One Year or Less

The Company applies the PAA to measure the liability for remaining coverage of insurance contracts with coverage periods of one year or less.

Contracts with Coverage Periods of More than One Year

The Company applies the PAA to contracts with coverage periods longer than one year that are relatively stable and have low variability in fulfillment cash flows. The low variability in fulfillment cash flows indicates there is no material difference in the liability for remaining coverage measured under the PAA as compared to the GMM. Generally, this applies to products with rate guarantees between 2 and 5 years.

New groups of insurance contracts are assessed to determine whether they can be measured using the PAA at initial recognition.

The eligibility test for the PAA model will not be subsequently performed after initial recognition unless there are substantial changes to the terms of the groups of insurance contracts.

MeasurementInitial Measurement of the Liability for Remaining Coverage

On initial recognition, the liability for remaining coverage is initially measured as the premiums received in the period minus any insurance acquisition cash flows not expensed, plus or minus any amount caused by the derecognition of an acquisition cash flow asset or liability which represents any acquisition costs that were paid before the contracts were recognized.

Insurance acquisition costs are included as fulfillment cash flows of the liability and are allocated over the contract boundary on a straight-line basis. For contracts with expected future renewals, a portion of the acquisition costs are capitalized as an asset and deferred until the future contract renewals are recognized.

The fulfillment cash flows of contracts with coverage periods of more than one year are discounted to reflect the impact of financial risk on the contract. The discount rates used reflect the characteristics of the contract cash flows. For contracts where premiums are received within one year of the coverage period, the Company has elected not to adjust the liability for the time value of money.

Subsequent Measurement

At the end of each reporting period, the Company measures the liability for remaining coverage for contracts under the PAA as the carrying amount of the liability for remaining coverage at the beginning of the period, adjusted for the following:

- Add the premiums received in the period;
- Less any insurance acquisition cash flows during the period not directly expensed;
- Add the amortization of acquisition cash flows, plus any adjustments to a financing component;
- Less the amount recognized as insurance revenue for the coverage provided in the period; and
- Less any investment components paid or transferred to the liability for incurred claims.

If circumstances indicate that a contract under the PAA model has become onerous, a loss is immediately recognized in the Consolidated Statements of Earnings, and a separate component of the liability for remaining coverage is created to record this loss component. The loss is measured as the difference between the fulfillment cash flows that relate to the remaining coverage of the group and the current carrying amount of the liability for remaining coverage using the measurement described above.

The liability for incurred claims is measured under the same approach as the GMM, which is the fulfillment cash flows related to incurred claims. When claims are expected to be settled less than one year after being incurred, the Company has elected not to discount the liability for incurred claims.

Measurement of Reinsurance Contracts Held

The General Measurement Model

The accounting policies used to measure a group of insurance contracts under the GMM apply to the measurement of a group of reinsurance contracts held, with the following modifications:

- The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises:
 - The fulfillment cash flows that relate to services that will be received under the contracts in future periods; and
 - Any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows 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. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in the Consolidated Statements of Earnings.

The risk adjustment for non-financial risk is the amount of the risk transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfillment cash flows, any derecognized assets for cash flows occurring before the recognition of the group, any cash flows arising at that date and any income recognized in the Consolidated Statements of Earnings because of onerous underlying contracts recognized at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognizes the cost immediately in the Consolidated Statements of Earnings as an expense.

The Company adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfillment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfillment cash flows for underlying insurance contracts is recognized in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held is also recognized in profit and loss (adjusting the loss recovery component).

Funds withheld under reinsurance contracts held to manage credit risk are included in the carrying amount of the reinsurance contracts held asset.

The Premium Allocation Approach

The Company reinsures some of its direct insurance contract liabilities. The reinsurance contracts held that are eligible for the PAA and have underlying direct contracts measured under the PAA are also classified and measured under the PAA.

Onerous Underlying Insurance Contracts

The Company adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognizes income when it recognizes a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognized. The adjustment to the CSM is determined by multiplying:

- The amount of the loss that relates to the underlying contracts; and
- The percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts held.

For reinsurance contracts held that are acquired by the Company in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- The amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- The percentage of claims on the underlying contracts that the Company expects at the date of acquisition to recover from the reinsurance contracts held.

A loss recovery component is created or adjusted for the group of reinsurance contracts held to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in the Consolidated Statements of Earnings as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid in the net expense from reinsurance contracts held.

Measurement of Investment Contracts

Investment contracts are recognized when the Company becomes a party to the contractual provisions of the contract. At recognition, the Company measures an investment contract at its fair value. Transaction costs that are incremental and directly attributable to the acquisition or issue of the investment contract are expensed as incurred.

When the fair value of the investment contract differs from the transaction price on initial recognition, the Company recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs or realized through settlement.

Investment contracts are subsequently measured at FVTPL where the fair value is set to the higher of the market value of the assets supporting the liability balance and the result of discounting risk-adjusted cash flows using rates derived from a reference portfolio or stochastic modeling. The Company's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

Coverage Units***Amortization of the Contractual Service Margin***

The CSM is a component of the group of insurance contracts that represents the unearned profit the Company will recognize as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognized in the Consolidated Statements of Earnings as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period. The amount that is recognized in the Consolidated Statements of Earnings for the current period is determined by identifying the coverage units in the group, allocating the CSM at the end of the period to each coverage unit provided in the current period and expected to be provided in the future periods.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided and the expected coverage duration.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

For reinsurance contracts held, the CSM amortization is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

Insurance Revenue

The Company's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components).

Insurance Finance Income or Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company has elected to recognize insurance finance income or expenses in the Consolidated Statements of Earnings.

Net Income or Expense from Reinsurance Contracts Held

The Company presents separately in the Consolidated Statements of Earnings the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented in the Consolidated Statements of Earnings. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

Contract Modifications and Derecognition

Contract Modifications

When the terms of insurance contracts are modified, the Company assesses whether the modification is substantial enough to lead to the derecognition of the original contract and recognition of a new modified contract as if it was entered for the first time. If the contract modification does not lead to a re-recognition of the contract, then the effect of the modification is treated as a change in the estimates of fulfillment cash flows which is recorded as an experience adjustment to the existing contract.

Derecognition of Contracts

The Company derecognizes a contract when it is extinguished, which is when the specified obligations in the contract expire or are discharged or cancelled.

When an insurance contract not accounted for under the PAA is derecognized from within a group of insurance contracts:

- The fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognized;
- The CSM of the group is adjusted for the change in the fulfillment cash flows, except where such changes are allocated to a loss component; and
- The number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognized from the group.

If a contract is derecognized because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the fulfillment cash flows to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to the Consolidated Statements of Earnings:

- If the contract is extinguished, any net difference between the derecognized part of the liability for remaining coverage of the original contract and any other cash flows arising from extinguishment; and
- If the contract is transferred to the third party, any difference between the derecognized part of the liability for remaining coverage of the original contract and the premium charged by the third party.

(p) Deferred Income Reserves

Included in other liabilities are deferred income reserves relating to investment contracts. These are amortized on a straight-line basis to recognize the initial policy fees over the policy term, not to exceed 20 years.

(q) Income Taxes

The income tax expense for the period represents the sum of current income tax and deferred income tax. Income tax is recognized as an expense or income in profit or loss except to the extent that it relates to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the income tax is also recognized outside profit or loss.

Current Income Tax

Current income tax is based on taxable income for the year. Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates that have been enacted or substantively enacted at the balance sheet date in each respective jurisdiction. Current income tax assets and current income tax liabilities are offset if a legally enforceable right exists to offset the recognized amounts and the entity intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

A provision for tax treatment uncertainties which meet the probable threshold for recognition is measured using either the most likely amount or the expected value, depending upon which method provides the better prediction of the resolution of the uncertainty. The provision for tax uncertainties will be classified as current or deferred based on how a disallowance of the underlying uncertain tax treatment would impact the tax provision accrual as of the balance sheet date.

Deferred Income Tax

Deferred income tax is the tax expected to be payable or recoverable on differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and carryforwards can be utilized.

Recognition is based on the fact that it is probable that the entity will have taxable profits and/or tax planning opportunities available to allow the deferred income tax asset to be utilized. Changes in circumstances in future periods may adversely impact the assessment of the recoverability. The uncertainty of the recoverability is taken into account in establishing the deferred income tax assets. The Company's annual financial planning process provides a significant basis for the measurement of deferred income tax assets.

Deferred income tax assets and liabilities are measured at the tax rates expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to net current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

(r) Pension Plans and Other Post-Employment Benefits

The Company's subsidiaries maintain contributory and non-contributory defined benefit pension plans for eligible employees and advisors. The Company's subsidiaries also provide post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependents.

The present value of the defined benefit obligations and the related current service cost is determined using the projected unit credit method (note 26). Pension plan assets are recorded at fair value.

For the defined benefit plans of the Company's subsidiaries, 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. To determine the net interest costs (income) recognized in the Consolidated Statements of Earnings, the Company's subsidiaries apply a discount rate to the net benefit liability (asset), where the discount rate is determined by reference to market yields at the beginning of the year on high quality corporate bonds.

For the defined benefit plans of the Company's subsidiaries, re-measurements of the net defined benefit liability (asset) due to asset returns less (greater) than interest income, actuarial losses (gains) and increases (decreases) in the asset ceiling are recognized in the Consolidated Statements of Comprehensive Income as losses (gains).

The Company's subsidiaries also maintain defined contribution pension plans for eligible employees and advisors. For the defined contribution plans of the Company's subsidiaries, the current service costs are recognized in the Consolidated Statements of Earnings.

(s) Equity

Financial instruments issued by the Company are classified as share capital if they represent a residual interest in the assets of the Company. Preferred share capital is classified as equity if it is non-redeemable, or retractable only at the Company's option and any dividends are discretionary.

Limited recourse capital notes are classified as share capital as the Company has the sole discretion to settle the obligation to noteholders through the issuance of a fixed number of the Company's own equity instruments. Interest incurred on these instruments is recognized as a deduction from equity when incurred.

Incremental costs that are directly attributable to the issue of share capital are recognized as a deduction from equity, net of income tax.

Accumulated other comprehensive income (loss) represents the total of the unrealized foreign exchange gains (losses) on translation of foreign operations, the unrealized gains (losses) on hedges of the net investment in foreign operations, the unrealized gains (losses) on FVOCI assets, the unrealized gains (losses) on cash flow hedges, the re-measurements on defined benefit pension and other post-employment benefit plans net of tax and the revaluation surplus on transfer to investment properties, where applicable.

The Company presents the following as non-controlling interests:

- the portion of equity that is attributable to minority shareholders in its subsidiaries, and
- the equity attributable to the participating account of its subsidiaries.

(t) Share-Based Payments

The Company provides share-based compensation to certain employees and Directors of the Company and its subsidiaries.

The Company follows the fair value based method of accounting for the valuation of compensation expense for shares and share options granted to employees under its stock option plans (note 25). This share-based payment expense is recognized in operating and administrative expenses in the Consolidated Statements of Earnings and as an increase to contributed surplus over the vesting period of the granted options. When options are exercised, the proceeds received, along with the amount in contributed surplus, are transferred to share capital.

Information on the Company's Deferred Share Unit (DSU), Performance Share Unit (PSU), and Employee Share Ownership Plans (ESOP) is included in note 25.

The Company's stock option plan is accounted for as equity-settled and all other share-based payments are accounted for as cash-settled.

(u) Earnings Per Common Share

Earnings per common share is calculated using net earnings after preferred share dividends and the weighted average number of common shares outstanding. Diluted earnings per share is calculated by adjusting common shareholders' net earnings and the weighted average number of common shares outstanding for the effects of all potential dilutive common shares assuming that all convertible instruments are converted and outstanding options whose exercise price is less than the average market price of common shares during the period are exercised.

(v) Leases

Where the Company is the lessee, a right-of-use asset and a lease liability are recognized on the Consolidated Balance Sheets at the lease commencement date.

Right-of-use assets are initially measured based on the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, initial direct costs incurred and any lease incentive received. Right-of-use assets are included within other assets with the exception of right-of-use assets which meet the definition of investment property which are presented within investment properties and subject to the Company's associated accounting policy. Right-of-use assets presented within other assets are depreciated to the earlier of the useful life of the right-of-use asset or the lease term using the straight-line method. Depreciation expense on right-of-use assets is included within operating and administrative expenses.

The lease liability is measured at amortized cost using the effective interest method and is included within other liabilities. Interest expense on lease liabilities is included within operating and administrative expenses.

The Company has elected to apply a practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Where the Company is the lessor under an operating lease for its investment property, the assets subject to the lease arrangement are presented within the Consolidated Balance Sheets. Income from these leases is recognized in the Consolidated Statements of Earnings on a straight-line basis over the lease term.

Investments in a lease that transfers substantially all the risks and rewards of ownership to the lessee are classified as a finance lease. The Company is the lessor under a finance lease and the investment is recognized as a receivable at an amount equal to the net investment in the lease, which is represented as the present value of the minimum lease payments due from the lessee and is presented within the Consolidated Balance Sheets. Payments received from the lessee are apportioned between the recognition of finance lease income and the reduction of the finance lease receivable. Income from the finance leases is recognized in the Consolidated Statements of Earnings at a constant periodic rate of return on the Company's net investment in the finance lease.

(w) Operating Segments

Operating segments have been identified based on internal reports that are regularly reviewed by the Company's Chief Executive Officer to allocate resources and assess performance of segments and for which discrete financial information is available. The Company's operating segments include United States, Canada, Europe, Capital and Risk Solutions, and Corporate. The United States segment consists primarily of Empower's main businesses: Empower Workplace and Empower Wealth. The Canada segment comprises the Retirement, Wealth, Group Benefits and Insurance & Annuities lines of business. The Europe segment comprises businesses in United Kingdom, Ireland, and Germany. Reinsurance is reported in the Capital and Risk Solutions segment. The Corporate segment represents activities and transactions that are not directly attributable to the measurement of the other operating segments of the Company.

(x) Future Accounting Policies

The Company actively monitors changes in IFRS Accounting Standards, both proposed and released, by the IASB for potential impact on the Company. The following sets out standards released and updates to the Company's analysis since the year ended December 31, 2024:

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

3. Business Acquisitions and Other Transactions

Sale of U.K. Onshore Bond Business

On December 23, 2024, Canada Life U.K. announced the signing of an agreement to transfer its onshore bond business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Concurrently, the two parties entered into a reinsurance agreement such that the risks and rewards of the underlying business are transferred to Countrywide. For the year ended December 31, 2024, the transaction resulted in a net gain of \$21 pre-tax, mainly driven by recognition of assets associated with the reinsurance agreement. The underlying assets and the related liabilities on account of segregated fund policyholders, with a carrying value of \$2,787 as at December 31, 2025 (\$2,750 as at December 31, 2024), are to be transferred to Countrywide pending court approval, which is expected to occur in 2026.

4. Restructuring Expenses

The Company undertakes a variety of initiatives related to operational restructuring, acquisition-related integration and technology and process modernization. Only the initiatives that qualify as formal restructuring programs in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, result in a provision. These provisions are described further below. Other restructuring and business transformation costs that do not qualify are expensed as incurred and are not included in the amounts described below.

The Company recorded restructuring provisions of \$361 for the year ended December 31, 2025. The provisions recorded in the year ended December 31, 2025 are related to planned technology and efficiency initiatives intended to position the Company for future growth and expense savings, primarily driven by initiatives in Canada of \$226 (\$186 in the shareholder account and \$40 in the participating account) and Europe of \$107. The Company expects to complete these restructuring initiatives by the end of 2027. For the year ended December 31, 2024, the Company recorded restructuring provisions of \$78.

As at December 31, 2025, the Company has restructuring provisions of \$365 remaining in other liabilities (\$121 at December 31, 2024).

5. Cash and Cash Equivalents

	2025	2024
Cash	\$ 4,008	\$ 4,772
Short-term deposits	4,894	5,937
Total	\$ 8,902	\$ 10,709

At December 31, 2025 cash and short-term deposits of \$708 were restricted for use by the Company (\$1,145 at December 31, 2024) in respect of cash held in trust for reinsurance agreements or with regulatory authorities, cash held under certain indemnity arrangements, client monies held by brokers and cash held in escrow.

6. Portfolio Investments

(a) Carrying Values and Estimated Fair Values of Portfolio Investments

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Bonds				
FVTPL - designated	\$ 159,320	\$ 159,320	\$ 151,369	\$ 151,369
FVTPL - mandatory	2,108	2,108	1,987	1,987
FVOCI	13,040	13,040	13,758	13,758
	174,468	174,468	167,114	167,114
Mortgage loans				
FVTPL - designated	26,139	26,139	28,790	28,790
FVTPL - mandatory	5,664	5,664	4,818	4,818
FVOCI	269	269	461	461
Amortized cost	4,801	4,350	4,810	4,193
	36,873	36,422	38,879	38,262
Stocks				
FVTPL - mandatory	19,370	19,370	16,896	16,896
FVOCI - designated ¹	1,033	1,033	923	923
Equity method	1,112	1,255	1,007	1,021
	21,515	21,658	18,826	18,840
Investment properties	8,293	8,293	8,257	8,257
Total	\$ 241,149	\$ 240,841	\$ 233,076	\$ 232,473

¹ Represents Franklin Templeton common shares received on the sale of Putnam Investments.

(b) Carrying Value of Bonds and Mortgages by Term to Maturity

	2025				2024			
	Term to maturity			Total	Term to maturity			Total
	1 year or less	Over 1 year to 5 years	Over 5 years		1 year or less	Over 1 year to 5 years	Over 5 years	
Bonds	\$ 27,432	\$ 54,244	\$ 92,792	\$ 174,468	\$ 24,890	\$ 49,463	\$ 92,761	\$ 167,114
Mortgage loans ¹	5,514	17,292	14,067	36,873	4,507	19,686	14,686	38,879
Total	\$ 32,946	\$ 71,536	\$ 106,859	\$ 211,341	\$ 29,397	\$ 69,149	\$ 107,447	\$ 205,993

¹ Mortgage loans include equity release mortgages which do not have a fixed redemption date. The maturity profile of the portfolio has been estimated based on previous redemption experience.

(c) Equity Method Investments

A significant amount of the Company's equity method investments relate to the Company's investment, held through Canada Life, in an affiliated company, IGM Financial Inc. (IGM), a member of the Power Corporation group of companies, over which it exerts significant influence but does not control. The Company's proportionate share of IGM's earnings is recorded in net investment income in the Consolidated Statements of Earnings. The Company owned 9,200,407 shares of IGM at December 31, 2025 and December 31, 2024, representing a 3.90% ownership interest (3.89% at December 31, 2024). The Company uses the equity method to account for its investment in IGM as it exercises significant influence. Significant influence arises from several factors, including, but not limited to, the following: common control of the Company and IGM by Power Corporation, shared representation on the Boards of Directors of the Company and IGM, interchange of managerial personnel, certain shared strategic alliances, significant intercompany transactions and service agreements that influence the financial and operating policies of both companies.

The Company and IGM both have a year-end date of December 31. The Company's year-end results are approved and reported before IGM publicly reports its financial results; therefore, the Company reports IGM's financial information by estimating the amount of earnings attributable to the Company, based on prior quarter information as well as other market expectations, to complete equity method accounting. The difference between actual and estimated results is reflected in the subsequent quarter and is not material to the Company's consolidated financial statements.

At December 31, 2025 and December 31, 2024, IGM owned 22,136,471 common shares of the Company. IGM's financial information as at December 31, 2025 can be obtained in its publicly available information.

The Company and its subsidiaries also hold equity investments in certain related parties which the Company accounts for using equity method accounting (note 28).

	2025		
	IGM	Other Related Parties	Total
Carrying value, beginning of year	\$ 407	\$ 600	\$ 1,007
Additions	—	56	56
Equity method share of net earnings	37	18	55
Dividends received	(20)	(5)	(25)
Other	—	19	19
Carrying value, end of year	\$ 424	\$ 688	\$ 1,112
Fair value, end of year	\$ 567	\$ 688	\$ 1,255

	2024		
	IGM	Other Related Parties	Total
Carrying value, beginning of year	\$ 387	\$ 456	\$ 843
Additions	—	121	121
Equity method share of net earnings	41	26	67
Dividends received	(21)	(12)	(33)
Other	—	9	9
Carrying value, end of year	\$ 407	\$ 600	\$ 1,007
Fair value, end of year	\$ 421	\$ 600	\$ 1,021

(d) Net Investment Income

2025						
	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 7,446	\$ 1,528	\$ 710	\$ 563	\$ 4	\$ 10,251
Net realized gains on derecognition of FVOCI assets	8	—	—	—	—	8
Gains on derecognition of amortized cost assets	—	12	—	—	—	12
Net ECL recovery	1	8	—	—	—	9
Other income and expenses	—	—	—	(229)	(198)	(427)
	7,455	1,548	710	334	(194)	9,853
Changes in fair value on FVTPL assets:						
FVTPL - designated	1,909	599	—	—	(974)	1,534
FVTPL - mandatory	26	76	2,430	—	—	2,532
Recorded at fair value	—	—	—	(159)	—	(159)
	1,935	675	2,430	(159)	(974)	3,907
Total	\$ 9,390	\$ 2,223	\$ 3,140	\$ 175	\$ (1,168)	\$ 13,760

2024						
	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 6,960	\$ 1,509	\$ 626	\$ 507	\$ 531	\$ 10,133
Net realized losses on derecognition of FVOCI assets	(47)	—	—	—	—	(47)
Gains on derecognition of amortized cost assets	—	2	—	—	—	2
Net ECL recovery	—	7	—	—	—	7
Other income and expenses	—	—	—	(208)	(204)	(412)
	6,913	1,518	626	299	327	9,683
Changes in fair value on FVTPL assets:						
FVTPL - designated	(1,237)	641	—	—	802	206
FVTPL - mandatory	(24)	(39)	1,686	—	—	1,623
Recorded at fair value	—	—	—	(153)	—	(153)
	(1,261)	602	1,686	(153)	802	1,676
Total	\$ 5,652	\$ 2,120	\$ 2,312	\$ 146	\$ 1,129	\$ 11,359

Investment income from bonds and mortgages includes interest income, and premium and discount amortization. Investment income from stocks includes dividends and distributions from private equity funds. Investment properties income includes rental income earned on investment properties, ground rent income earned on leased and sub-leased land, fee recoveries, lease cancellation income, and interest and other investment income earned on investment properties. Other investment income and expenses includes expenses incurred by investment properties, foreign exchange gains and losses, income earned from the investments in IGM and other related parties.

(e) Net Investment Result

	2025	2024
Investment return		
Net investment income	\$ 9,853	\$ 9,683
Changes in fair value on FVTPL assets	3,907	1,676
Total investment return	13,760	11,359
Net finance income (expenses) from insurance contracts		
Changes in fair value of underlying items of direct participating contracts	(4,700)	(4,793)
Effects of risk mitigation option	240	84
Interest accreted	(3,166)	(3,810)
Effect of changes in discount rate and other financial assumptions	1,045	2,807
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	226	(206)
Total net finance income (expenses) from insurance contracts	(6,355)	(5,918)
Net finance income (expenses) from reinsurance contracts		
Interest accreted	6	342
Other	(332)	(352)
Total net finance income (expenses) from reinsurance contracts	(326)	(10)
Changes in investment contract liabilities	(5,002)	(2,932)
	\$ 2,077	\$ 2,499

(f) Securities Lending

The Company engages in securities lending to generate additional income. The Company's securities custodians are used as lending agents. Collateral, which exceeds the fair value of the loaned securities, is deposited by the borrower with the Company's lending agent and maintained by the lending agent until the underlying security has been returned. The fair value of the loaned securities is monitored on a daily basis by the lending agent who obtains or refunds additional collateral as the fair value of the loaned securities fluctuates. Collateral primarily consists of government bonds, investment grade corporate bonds and cash. Included in the collateral deposited with the Company's lending agent is cash collateral of \$615 at December 31, 2025 (\$219 at December 31, 2024). In addition, the securities lending agent indemnifies the Company against borrower risk, meaning that the lending agent agrees contractually to replace securities not returned due to a borrower default. As at December 31, 2025, the Company had loaned securities (which are included in invested assets) with a fair value of \$5,133 (\$4,212 at December 31, 2024).

7. Risk Management

The Company has policies relating to the identification, measurement, management, monitoring and reporting of risks associated with financial instruments and insurance contracts. The key risks related to financial instruments are credit risk, liquidity risk and market risk (currency, interest rate and equity). The Risk Committee of the Board of Directors is responsible for the oversight of the Company's key risks.

The following sections describe how the Company manages each of these risks.

(a) Credit Risk

Credit risk is the risk of loss resulting from an obligor's potential inability or unwillingness to fully meet its contractual obligations.

The following policies and procedures are in place to manage this risk:

- Investment and risk policies aim to minimize undue concentration within issuers, connected companies, industries or individual geographies.
- Investment and risk limits specify minimum and maximum limits for each asset class.
- Identification of credit risk through an internal credit risk rating system which includes a detailed assessment of an obligor's creditworthiness. Internal credit risk ratings cannot be higher than the highest rating provided by certain independent ratings companies.
- Portfolios are monitored continuously, and reviewed regularly with the Risk Committee and the Investment Committee of the Board of Directors.

- Credit risk associated with derivative instruments is evaluated quarterly based on conditions that existed at the balance sheet date, using practices that are at least as conservative as those recommended by regulators. The Company manages derivative credit risk by including derivative exposure to aggregate credit exposures measured against rating based obligor limits and through collateral arrangements where possible.
- 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 by setting rating based limits on net ceded exposure by counterparty as well as seeking protection in the form of collateral or funds withheld arrangements where possible.
- Investment guidelines also specify collateral requirements.

(i) Maximum Exposure to Credit Risk

The following summarizes the Company's maximum exposure to credit risk related to financial instruments as well as insurance and reinsurance contracts.

	2025	2024
Financial instruments		
Cash and cash equivalents	\$ 8,902	\$ 10,709
Bonds	174,468	167,114
Mortgage loans	36,873	38,879
Interest due and accrued	1,885	1,778
Accounts receivable	4,144	3,624
Funds held under investment contracts	6,229	6,895
Trading account assets	3,995	3,701
Finance leases receivable	1,043	926
Other assets ¹	2,117	1,979
Derivative assets	1,863	2,431
	241,519	238,036
Insurance and reinsurance contracts		
Reinsurance contract held assets ²	16,850	17,842
Insurance contract assets	1,571	1,193
Funds held by ceding insurers ³	3,489	3,640
	21,910	22,675
Total	\$ 263,429	\$ 260,711

¹ Includes items such as current income taxes receivable and miscellaneous other assets of the Company (note 11).

² Includes funds withheld on reinsurance contracts issued.

³ Included in insurance contract liabilities (note 14).

Credit risk is also mitigated by entering into collateral agreements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral primarily consists of government bonds, investment grade corporate bonds and cash. Management monitors the value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The Company has \$1,401 of collateral received from counterparties as at December 31, 2025 (\$1,732 at December 31, 2024) relating to derivative assets.

(ii) Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single obligor, a group of related obligors or groups of obligors that have similar credit risk characteristics and operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due.

The following provides details of the carrying value of bonds by issuer, industry sector and operating segment:

2025					
	United States	Canada	Europe	Capital and Risk Solutions	Total
Bonds issued or guaranteed by:					
Treasuries	\$ 4,788	\$ 2,275	\$ 7,592	\$ 3,040	\$ 17,695
Government related	2,748	16,787	8,118	1,186	28,839
Agency securitized	1,859	—	—	12	1,871
Non-agency securitized	10,909	3,973	886	266	16,034
Financials	12,578	5,605	5,887	954	25,024
Communications	1,927	1,370	949	227	4,473
Consumer products	10,696	4,955	2,039	1,274	18,964
Energy	4,085	3,049	800	361	8,295
Industrials	8,440	2,985	1,157	471	13,053
Technology	3,827	1,345	419	375	5,966
Transportation	1,919	4,816	1,153	284	8,172
Utilities	6,980	12,923	4,840	1,339	26,082
Total	\$ 70,756	\$ 60,083	\$ 33,840	\$ 9,789	\$ 174,468

2024					
	United States	Canada	Europe	Capital and Risk Solutions	Total
Bonds issued or guaranteed by:					
Treasuries	\$ 1,361	\$ 3,304	\$ 7,274	\$ 4,220	\$ 16,159
Government related	2,605	17,286	7,444	694	28,029
Agency securitized	1,055	186	—	13	1,254
Non-agency securitized	12,395	3,453	800	163	16,811
Financials	12,556	4,726	5,651	1,124	24,057
Communications	1,741	1,194	856	211	4,002
Consumer products	10,172	5,086	2,084	1,061	18,403
Energy	3,363	2,809	502	370	7,044
Industrials	7,927	2,878	1,178	469	12,452
Technology	3,568	1,329	409	322	5,628
Transportation	2,021	4,426	853	198	7,498
Utilities	7,468	12,559	4,660	1,090	25,777
Total	\$ 66,232	\$ 59,236	\$ 31,711	\$ 9,935	\$ 167,114

The following provides details of the carrying value of mortgage loans by operating segment:

2025					
	United States	Canada	Europe	Capital and Risk Solutions	Total
Single family residential	\$ —	\$ 765	\$ —	\$ —	\$ 765
Multi-family residential	3,383	4,985	932	33	9,333
Equity release	—	2,058	2,888	718	5,664
Commercial	7,837	9,084	4,103	87	21,111
Total	\$ 11,220	\$ 16,892	\$ 7,923	\$ 838	\$ 36,873

	2024				
	United States	Canada	Europe	Capital and Risk Solutions	Total
Single family residential	\$ —	\$ 1,225	\$ —	\$ —	\$ 1,225
Multi-family residential	4,065	4,523	946	34	9,568
Equity release	—	1,949	2,279	590	4,818
Commercial	9,754	9,228	4,133	153	23,268
Total	\$ 13,819	\$ 16,925	\$ 7,358	\$ 777	\$ 38,879

(iii) Expected Credit Losses

The following table reconciles the allowance for credit losses under the ECL model by asset classification and stage:

	2025			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Bonds at FVOCI				
Balance, beginning of year	\$ 4	\$ —	\$ —	\$ 4
Provision for credit losses				
Originations	—	—	—	—
Maturities	(1)	—	—	(1)
Net re-measurement of loss allowance	—	—	—	—
Balance, end of year	\$ 3	\$ —	\$ —	\$ 3
Mortgages at amortized cost				
Balance, beginning of year	\$ 1	\$ 20	\$ 7	\$ 28
Provision for credit losses				
Transfers to stage 2	1	(1)	—	—
Maturities	—	—	(2)	(2)
Net re-measurement of loss allowance	(1)	(3)	(1)	(5)
Exchange rate and other	—	—	1	1
Balance, end of year	\$ 1	\$ 16	\$ 5	\$ 22
Mortgages at FVOCI				
Balance, beginning of year	\$ —	\$ 1	\$ —	\$ 1
Provision for credit losses				
Net re-measurement of loss allowance	—	(1)	—	(1)
Balance, end of year	\$ —	\$ —	\$ —	\$ —
Total allowance for credit losses, end of year	\$ 4	\$ 16	\$ 5	\$ 25

	2024			
	Performing		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Bonds at FVOCI				
Balance, beginning of year	\$ 3	\$ —	\$ —	\$ 3
Provision for credit losses				
Originations	1	—	—	1
Maturities	(1)	—	—	(1)
Net re-measurement of loss allowance	1	—	—	1
Balance, end of year	\$ 4	\$ —	\$ —	\$ 4
Mortgages at amortized cost				
Balance, beginning of year	\$ 1	\$ 29	\$ 4	\$ 34
Provision for credit losses				
Transfers to stage 1	3	(3)	—	—
Net re-measurement of loss allowance	(3)	(7)	3	(7)
Exchange rate and other	—	1	—	1
Balance, end of year	\$ 1	\$ 20	\$ 7	\$ 28
Mortgages at FVOCI				
Balance, beginning of year	\$ —	\$ —	\$ —	\$ —
Provision for credit losses				
Net re-measurement of loss allowance	—	1	—	1
Balance, end of year	\$ —	\$ 1	\$ —	\$ 1
Total allowance for credit losses, end of year	\$ 5	\$ 21	\$ 7	\$ 33

(iv) Credit Risk Exposure by Internal Risk Rating

The following table presents the fair value of bonds and mortgages at FVOCI and carrying amounts of mortgages at amortized cost. Risk ratings are based on internal ratings used in the measurement of ECLs as at the reporting date.

	2025			
	Performing		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Bonds at FVOCI				
Investment grade	\$ 12,959	\$ —	\$ —	\$ 12,959
Non-investment grade	71	10	—	81
Impaired	—	—	—	—
Total	\$ 13,030	\$ 10	\$ —	\$ 13,040
Mortgage loans at FVOCI				
Investment grade	\$ 263	\$ —	\$ —	\$ 263
Non-investment grade	—	6	—	6
Impaired	—	—	—	—
Total	\$ 263	\$ 6	\$ —	\$ 269
Mortgages at amortized cost				
Investment grade	\$ 4,601	\$ —	\$ —	\$ 4,601
Non-investment grade	—	212	—	212
Impaired	—	—	10	10
	4,601	212	10	4,823
Allowance for credit losses	(1)	(16)	(5)	(22)
Total	\$ 4,600	\$ 196	\$ 5	\$ 4,801

	2024			
	Performing		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Bonds at FVOCI				
Investment grade	\$ 13,669	\$ —	\$ —	\$ 13,669
Non-investment grade	75	14	—	89
Impaired	—	—	—	—
Total	\$ 13,744	\$ 14	\$ —	\$ 13,758
Mortgage loans at FVOCI				
Investment grade	\$ 446	\$ —	\$ —	\$ 446
Non-investment grade	—	15	—	15
Impaired	—	—	—	—
Total	\$ 446	\$ 15	\$ —	\$ 461
Mortgages at amortized cost				
Investment grade	\$ 4,562	\$ —	\$ —	\$ 4,562
Non-investment grade	—	266	—	266
Impaired	—	—	10	10
	4,562	266	10	4,838
Allowance for credit losses	(1)	(20)	(7)	(28)
Total	\$ 4,561	\$ 246	\$ 3	\$ 4,810

(v) Credit Impact on Financial Assets and Liabilities Designated as FVTPL

The carrying value of the Company's financial assets and liabilities designated as FVTPL represents the maximum exposure to credit risk for those financial instruments. The change in fair value attributable to the change in credit risk of these financial instruments is generally insignificant in the absence of significant credit events occurring on specific financial instruments. Fair value losses of \$153 in the year ended 2025 (\$67 in 2024) is reflected in changes in the Consolidated Statements of Earnings related to significant credit events occurring on financial instruments designated as FVTPL.

(vi) Asset Quality

Bond Portfolio by Credit Rating

	2025	2024
Based on internal ratings:		
AAA	\$ 26,599	\$ 24,462
AA	32,162	32,310
A	63,342	60,041
BBB	49,476	47,936
BB and lower	2,889	2,365
Total	\$ 174,468	\$ 167,114

Derivative Portfolio by Credit Rating

	2025	2024
Over-the-counter contracts (counterparty ratings):		
AA	\$ 1,216	\$ 1,687
A	645	743
Exchange-traded	2	1
Total	\$ 1,863	\$ 2,431

Reinsurance Contract Held Assets by Credit Rating

Based on Rating Agency ratings:

AA- to AA+

A- to A+

BBB+ and lower

Not rated

Total reinsurance contract held assets**Total reinsurance contract held assets less collateral**

	2025	2024
\$	15,343	\$ 16,409
	1,474	1,424
	—	8
	33	1
\$	16,850	\$ 17,842
\$	4,143	\$ 4,177

Total reinsurance contract held assets are net of funds held under reinsurance contracts.

As at December 31, 2025, \$11,710 of the \$16,850 of reinsurance contract held assets are ceded to Protective Life Insurance Company (\$12,633 of \$17,842 at December 31, 2024). This concentration risk is mitigated by funds held in trust and other arrangements of \$12,882 as at December 31, 2025 (\$13,774 at December 31, 2024).

(vii) Funds Held Under Investment Contracts and Funds Held by Ceding Insurers

At December 31, 2025, the Company had amounts on deposit of \$6,229 (\$6,895 at December 31, 2024) for funds held under investment contracts. This amount has been included in other assets on the Consolidated Balance Sheets. At December 31, 2025 the Company had amounts on deposit of \$3,489 (\$3,640 at December 31, 2024) for funds held by ceding insurers. This amount has been included in insurance contract liabilities on the Consolidated Balance Sheets. Included in these amounts are assets of \$153 at December 31, 2025 (\$98 at December 31, 2024) where the Company does not retain the credit risk. Income and expenses arising from the underlying assets are included in net investment result in the Consolidated Statements of Earnings.

The details of the funds on deposit for certain agreements where the Company has credit risk are as follows:

(i) Carrying Values and Estimated Fair Values

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	\$ 117	\$ 117	\$ 206	\$ 206
Bonds	8,980	8,980	9,689	9,689
Mortgages	344	344	384	384
Other assets	124	124	158	158
Total	\$ 9,565	\$ 9,565	\$ 10,437	\$ 10,437
Supporting:				
Insurance contract liabilities	\$ 3,336	\$ 3,336	\$ 3,542	\$ 3,542
Investment contract liabilities	6,229	6,229	6,895	6,895
Total	\$ 9,565	\$ 9,565	\$ 10,437	\$ 10,437

(ii) Carrying Value of Bonds Included in the Funds on Deposit by Issuer and Industry Sector

	2025	2024
Bonds issued or guaranteed by:		
Treasuries	\$ 188	\$ 265
Government related	973	1,080
Agency securitized	81	94
Non-agency securitized	978	1,063
Financials	1,566	1,670
Communications	266	291
Consumer products	1,474	1,525
Energy	439	504
Industrials	836	927
Technology	321	349
Transportation	300	306
Utilities	1,558	1,615
Total	\$ 8,980	\$ 9,689

(iii) Carrying Value of Mortgages Included in the Funds on Deposit by Property Type

	2025	2024
Multi-family residential	\$ 80	\$ 81
Commercial	264	303
Total	\$ 344	\$ 384

(iv) Asset Quality**Bond Portfolio by Credit Rating**

	2025	2024
AAA	\$ 574	\$ 794
AA	2,213	2,332
A	3,786	4,002
BBB	2,344	2,501
BB and lower	63	60
Total	\$ 8,980	\$ 9,689

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. 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.

- 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 67% (67% in 2024) of our 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.
- Management closely monitors the solvency and capital positions of its principal subsidiaries opposite liquidity requirements at the holding company. Additional liquidity is available through established lines of credit or via capital market transactions. At December 31, 2025, the Company maintains \$950 (\$950 at December 31, 2024) of liquidity at the Lifeco level through committed lines of credit with Canadian chartered banks. As well, the Company maintains a U.S. \$1,000 revolving credit agreement with a syndicate of banks, and a U.S. \$50 line of credit at Empower (U.S. \$1,000 and U.S. \$50 at December 31, 2024, respectively). Empower also has borrowing capacity of approximately U.S. \$992 under the Federal Home Loan Bank program.

(i) Payments Due by Period

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.

	2025						
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Debentures and other debt instruments	\$ 805	\$ 548	\$ 1,011	\$ 857	\$ 600	\$ 4,595	\$ 8,416
Capital trust securities ¹	—	—	—	—	—	150	150
Purchase obligations	210	115	65	35	24	13	462
Pension contributions	264	—	—	—	—	—	264
Total	\$ 1,279	\$ 663	\$ 1,076	\$ 892	\$ 624	\$ 4,758	\$ 9,292

¹ Payments due have not been reduced to reflect that the Company held capital trust securities of \$37 principal amount (\$44 carrying value).

	2024						
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Debentures and other debt instruments	\$ 720	\$ 745	\$ 576	\$ 1,032	\$ 800	\$ 5,356	\$ 9,229
Capital trust securities ¹	—	—	—	—	—	150	150
Purchase obligations	203	146	75	42	22	29	517
Pension contributions	221	—	—	—	—	—	221
Total	\$ 1,144	\$ 891	\$ 651	\$ 1,074	\$ 822	\$ 5,535	\$ 10,117

¹ Payments due have not been reduced to reflect that the Company held capital trust securities of \$37 principal amount (\$44 carrying value).

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument and the value of insurance and investment contract liabilities will fluctuate as a result of changes in market factors which include three types: currency risk, interest rate (including related inflation) risk and equity risk.

Caution Related to Risk Sensitivities

These financial statements include estimates of sensitivities and risk exposure measures for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ significantly from these estimates for a variety of reasons including, but not limited to, changes in the Company's asset or liability profile, changes in business mix, effective income tax rates, other market factors, differences in the actual exposure relative to broad market indices, variation in exposures by geography, and general limitations of the Company's internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on shareholders' net earnings will be as indicated.

(i) Currency Risk

Currency risk relates to the Company operating and holding financial instruments in different currencies. For the assets backing insurance and investment contract liabilities that are not matched by currency, changes in foreign exchange rates can expose the Company to the risk of foreign exchange losses not offset by liability decreases.

- A 10% weakening of the Canadian dollar against foreign currencies would be expected to increase non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial immediate change to net earnings. A 10% strengthening of the Canadian dollar against foreign currencies would be expected to decrease non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial immediate change in shareholders' net earnings.

The Company has net investments in foreign operations. The Company's debt obligations are denominated in Canadian dollars, euros, and U.S. dollars. 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. Strengthening or weakening of the Canadian dollar spot rate compared to the U.S. dollar, British pound and euro spot rates impacts the Company's total equity. Correspondingly, the Company's book value per share and capital ratios monitored by rating agencies are also impacted.

(ii) Interest Rate Risk

Interest rate risk exists if asset and liability cash flows are not closely matched and interest rates change, causing a difference in the value of assets and the value of liabilities. The following policies and procedures are in place to mitigate the Company's exposure to interest rate risk:

- 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.
- For products with fixed and highly predictable benefit payments, investments are generally made in fixed income assets or investment properties whose cash flows closely match the liability product cash flows. Where assets are not available to match certain period cash flows, such as long-tail cash flows, a portion of these are invested in equities and other non-fixed income assets, while the rest are duration matched.
- Hedging instruments are employed when there is a lack of suitable permanent investments or to manage the level of loss exposure to interest rate changes.
- To the extent asset and liability cash flows are matched, protection against interest rate change is achieved and any change in the fair value of the assets will be offset by a similar change in the fair value of the liabilities.
- For products with less predictable timing of benefit payments, investments are made in fixed income assets with cash flows of a shorter duration than the anticipated timing of benefit payments, or equities and other non-fixed income assets.
- The risk associated with the mismatch in portfolio duration and cash flow, asset prepayment exposure and the pace of asset acquisition are quantified and reviewed regularly.

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 shareholders' net earnings.

The Company's asset liability management strategy uses public equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in shareholders' net earnings. Further, the classification of financial assets, such as mortgage assets in the United Kingdom which are carried at amortized cost and held in the general fund assets supporting liabilities, also contributes to interest rate exposure in shareholders' net earnings.

The impact to shareholders' net earnings and equity from an immediate parallel 50 basis point increase or decrease in interest rates is illustrated in the table below, rounded to the nearest \$25:

Change in Market Yield Curves

	2025		2024	
	Increase 50 basis points interest rates	Decrease 50 basis points interest rates	Increase 50 basis points interest rates	Decrease 50 basis points interest rates
Shareholders' net earnings	\$ 25	\$ (50)	\$ 125	\$ (150)
Shareholders' equity	—	(25)	75	(125)

The sensitivities above reflect the immediate impacts on shareholders' net earnings and shareholders' equity from market movements.

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

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

The impact to shareholders' net earnings and equity from an immediate 50 basis point increase or decrease in credit spreads is illustrated in the table below, rounded to the nearest \$25, with no change to the ultimate liquidity premium:

Change in Credit Spreads

	2025		2024	
	Increase 50 basis points credit spreads	Decrease 50 basis points credit spreads	Increase 50 basis points credit spreads	Decrease 50 basis points credit spreads
Shareholders' net earnings	\$ 150	\$ (200)	\$ 250	\$ (300)
Shareholders' equity	225	(300)	325	(400)

The sensitivities above reflect the immediate impacts on shareholders' net earnings and shareholders' equity from market movements.

Actual impacts of credit spread changes will vary depending on the geographies where the changes occur, and the changes in credit spreads by term. A change in credit spreads may also lead to a change in the allowance for credit risk within the discount rate, depending on prevailing market and credit conditions at the time; any potential earnings impacts that may arise from such a change are not reflected in the sensitivities above.

(iii) Equity Risk

Equity risk is the uncertainty associated with the valuation of assets and liabilities arising from changes in equity markets and other pricing risk. To mitigate this risk, the Company has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The risks associated with segregated fund guarantees on lifetime Guaranteed Minimum Withdrawal Benefits have been mitigated through a hedging program using equity futures, currency forwards, and interest rate derivatives.

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. Shareholders' net earnings will reflect changes in the values of 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 segregated fund products with guarantees will fluctuate with changes in the value of the non-fixed income assets. Under current market conditions, there are no material earnings impacts to the Company on segregated fund business that it does not hedge, as changes in the cost of guarantees are offset within the contractual service margin (CSM). For segregated fund business that the Company hedges, there is a limited earnings impact with respect to the change in liability versus the change in hedge assets.

The following table provides information on the expected impacts of an immediate 10% or 20% increase or decrease in the value of publicly traded common stocks on the shareholders' net earnings and equity, rounded to the nearest \$25:

Change in Publicly Traded Common Stock Values

	2025				2024			
	20% increase	10% increase	10% decrease	20% decrease	20% increase	10% increase	10% decrease	20% decrease
Shareholders' net earnings	\$ 75	\$ 50	\$ (50)	\$ (75)	\$ 100	\$ 50	\$ (50)	\$ (100)
Shareholders' equity	500	250	(250)	(525)	525	250	(250)	(525)

The sensitivities above reflect the immediate impacts on shareholders' net earnings and shareholders' equity from market movements.

The following table provides information on the expected impacts of an immediate 5% or 10% increase or decrease in the value of other non-fixed income assets on the shareholders' net earnings and equity, rounded to the nearest \$25:

Change in Other Non-Fixed Income Asset Values ¹

	2025				2024			
	10% increase	5% increase	5% decrease	10% decrease	10% increase	5% increase	5% decrease	10% decrease
Shareholders' net earnings	\$ 550	\$ 275	\$ (300)	\$ (600)	\$ 425	\$ 225	\$ (225)	\$ (450)
Shareholders' equity	600	300	(325)	(650)	475	250	(250)	(500)

¹ Sensitivities to other non-fixed income asset values as at December 31, 2025 reflect a refinement in methodology, not a change to the underlying exposure to other non-fixed income assets. Prior to the refinement, the +10%/+5%/-5%/-10% sensitivities were +\$425/+\$200/- \$225/- \$475 for shareholders' net earnings, and +\$475/+ \$225/- \$250/- \$525 for shareholders' equity, respectively.

The sensitivities above reflect the immediate impacts on shareholders' net earnings and shareholders' equity from market movements.

(d) Enforceable Master Netting Arrangements or Similar Agreements

The Company enters into International Swaps and Derivative Association's (ISDA's) master agreements for transacting over-the-counter derivatives. The Company receives and pledges collateral according to the related ISDA's Credit Support Annexes. The ISDA's master agreements do not meet the criteria for offsetting on the Consolidated Balance Sheets because they create a right of set-off that is enforceable only in the event of default, insolvency, or bankruptcy.

For exchange-traded derivatives subject to derivative clearing agreements with the exchanges and clearinghouses, there is no provision for set-off at default. Initial margin is excluded from the table within this disclosure as it would become part of a pooled settlement process.

The table sets out the potential effect on the Company's Consolidated Balance Sheets on financial instruments that have been shown in a gross position where right of set-off exists under certain circumstances that do not qualify for netting on the Consolidated Balance Sheets.

	2025			
	Gross amount of financial instruments presented in the Consolidated Balance Sheets	Related amounts not set-off in the Consolidated Balance Sheets		
		Offsetting counterparty position ¹	Financial collateral received / pledged ²	Net exposure
Financial instruments - assets				
Derivative financial instruments	\$ 1,863	\$ (1,236)	\$ (459)	\$ 168
Total financial instruments - assets	\$ 1,863	\$ (1,236)	\$ (459)	\$ 168
Financial instruments - liabilities				
Derivative financial instruments	\$ 2,412	\$ (1,236)	\$ (669)	\$ 507
Total financial instruments - liabilities	\$ 2,412	\$ (1,236)	\$ (669)	\$ 507

¹ Includes counterparty amounts recognized on the Consolidated Balance Sheets where the Company has a potential offsetting position (as described above) but does not meet the criteria for offsetting on the balance sheet, excluding collateral.

² Financial collateral presented above excludes overcollateralization and, for exchange-traded derivatives, initial margin. At December 31, 2025, total financial collateral, including initial margin and overcollateralization, received on derivative assets was \$1,401, and pledged on derivative liabilities was \$2,501.

	2024			
	Gross amount of financial instruments presented in the Consolidated Balance Sheets	Related amounts not set-off in the Consolidated Balance Sheets		
		Offsetting counterparty position ¹	Financial collateral received / pledged ²	Net exposure
Financial instruments - assets				
Derivative financial instruments	\$ 2,431	\$ (1,117)	\$ (1,130)	\$ 184
Total financial instruments - assets	\$ 2,431	\$ (1,117)	\$ (1,130)	\$ 184
Financial instruments - liabilities				
Derivative financial instruments	\$ 2,137	\$ (1,117)	\$ (628)	\$ 392
Total financial instruments - liabilities	\$ 2,137	\$ (1,117)	\$ (628)	\$ 392

¹ Includes counterparty amounts recognized on the Consolidated Balance Sheets where the Company has a potential offsetting position (as described above) but does not meet the criteria for offsetting on the balance sheet, excluding collateral.

² Financial collateral presented above excludes overcollateralization and, for exchange-traded derivatives, initial margin. At December 31, 2024, total financial collateral, including initial margin and overcollateralization, received on derivative assets was \$1,732, and pledged on derivative liabilities was \$2,068.

8. Fair Value Measurement

The Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Assets and liabilities utilizing Level 1 inputs include actively exchange-traded equity securities, exchange-traded futures, and mutual and segregated funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, government and agency securities, restricted stock, some private bonds and investment funds, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans. Investment contracts that are measured at FVTPL are mostly included in the Level 2 category. Notes issued by consolidated Collateralized Loan Obligations (CLOs) are measured at FVTPL and included in Level 2.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds, certain asset-backed securities, some private equities, investments in mutual and segregated funds where there are redemption restrictions, certain over-the-counter derivatives, investment properties and equity release mortgages.

The following presents the Company's assets and liabilities measured at fair value on a recurring basis by hierarchy level:

	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Cash and cash equivalents	\$ 8,902	\$ —	\$ —	\$ 8,902	\$ 10,709	\$ —	\$ —	\$ 10,709
Financial assets at FVTPL								
Bonds	—	161,130	298	161,428	—	153,178	178	153,356
Mortgage loans	—	26,139	5,664	31,803	—	28,790	4,818	33,608
Stocks	12,559	183	6,628	19,370	11,055	260	5,581	16,896
Total financial assets at FVTPL	12,559	187,452	12,590	212,601	11,055	182,228	10,577	203,860
Financial assets at FVOCI								
Bonds	—	13,040	—	13,040	—	13,758	—	13,758
Mortgage loans	—	269	—	269	—	461	—	461
Stocks	1,033	—	—	1,033	923	—	—	923
Total financial assets at FVOCI	1,033	13,309	—	14,342	923	14,219	—	15,142
Investment properties	—	—	8,293	8,293	—	—	8,257	8,257
Derivatives ¹	2	1,861	—	1,863	1	2,430	—	2,431
Other assets:								
Trading account assets	244	3,751	—	3,995	252	3,449	—	3,701
Other ²	—	615	—	615	—	219	—	219
Total assets measured at fair value	\$ 22,740	\$ 206,988	\$ 20,883	\$ 250,611	\$ 22,940	\$ 202,545	\$ 18,834	\$ 244,319
Liabilities measured at fair value								
Mortgage on investment property	\$ —	\$ 51	\$ —	\$ 51	\$ —	\$ 54	\$ —	\$ 54
Derivatives ³	3	2,409	—	2,412	—	2,137	—	2,137
Investment contract liabilities	—	89,042	—	89,042	—	90,157	—	90,157
Collateralized loan obligation liabilities	—	3,904	—	3,904	—	3,791	—	3,791
Other liabilities ²	—	615	—	615	—	219	—	219
Total liabilities measured at fair value	\$ 3	\$ 96,021	\$ —	\$ 96,024	\$ —	\$ 96,358	\$ —	\$ 96,358

¹ Excludes collateral received from counterparties of \$523 at December 31, 2025 (\$1,199 at December 31, 2024).

² Includes collateral received under securities lending arrangements.

³ Excludes collateral pledged to counterparties of \$1,551 at December 31, 2025 (\$1,337 at December 31, 2024).

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 during the years ended December 31, 2025 and December 31, 2024.

The following presents additional information about assets and liabilities measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value:

	2025					
	FVTPL bonds	FVTPL mortgage loans	FVTPL stocks ³	Investment properties	Assets held for sale	Total Level 3 assets
Balance, beginning of year	\$ 178	\$ 4,818	\$ 5,581	\$ 8,257	\$ —	\$ 18,834
Total gains (losses)						
Included in net earnings	(6)	274	361	(159)	—	470
Included in other comprehensive income ¹	3	84	(103)	(42)	—	(58)
Purchases	50	—	1,216	650	—	1,916
Issues	—	739	—	—	—	739
Sales	(5)	—	(427)	(439)	—	(871)
Settlements	—	(251)	—	—	—	(251)
Transferred from owner occupied properties	—	—	—	26	—	26
Transfers into Level 3 ²	78	—	—	—	—	78
Transfers out of Level 3 ²	—	—	—	—	—	—
Balance, end of year	\$ 298	\$ 5,664	\$ 6,628	\$ 8,293	\$ —	\$ 20,883
Total gains (losses) for the year included in net investment result	\$ (6)	\$ 274	\$ 361	\$ (159)	\$ —	\$ 470
Change in unrealized gains (losses) for the year included in net earnings for assets held at December 31, 2025	\$ (6)	\$ 262	\$ 294	\$ (159)	\$ —	\$ 391

	2024					
	FVTPL bonds	FVTPL mortgage loans	FVTPL stocks ³	Investment properties	Assets held for sale	Total Level 3 assets
Balance, beginning of year	\$ 252	\$ 4,203	\$ 3,809	\$ 7,870	\$ 907	\$ 17,041
Total gains (losses)						
Included in net earnings	7	200	556	(153)	—	610
Included in other comprehensive income ¹	—	153	107	265	—	525
Purchases	29	—	1,407	618	—	2,054
Sale of discontinued operations	—	—	—	—	(907)	(907)
Issues	—	481	—	—	—	481
Sales	(27)	—	(299)	(334)	—	(660)
Settlements	—	(219)	—	—	—	(219)
Transferred to owner occupied properties	—	—	—	(9)	—	(9)
Transfers into Level 3 ²	—	—	1	—	—	1
Transfers out of Level 3 ²	(83)	—	—	—	—	(83)
Balance, end of year	\$ 178	\$ 4,818	\$ 5,581	\$ 8,257	\$ —	\$ 18,834
Total gains (losses) for the year included in net investment result	\$ 7	\$ 200	\$ 556	\$ (153)	\$ —	\$ 610
Change in unrealized gains (losses) for the year included in net earnings for assets held at December 31, 2024	\$ 7	\$ 191	\$ 556	\$ (165)	\$ —	\$ 589

¹ Amount of other comprehensive income for FVTPL bonds, mortgage loans and investment properties represents the unrealized gains (losses) on foreign exchange.

² Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

³ Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

The following sets out information about significant unobservable inputs used at year-end in measuring assets and liabilities categorized as Level 3 in the fair value hierarchy:

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate	Range of 4.5% - 13.1%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
		Reversionary rate	Range of 4.3% - 8.0%	A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.
		Vacancy rate	Weighted average of 8.5%	A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.
Mortgage loans - equity release mortgages (FVTPL)	The valuation approach for equity release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the cost of the no negative equity guarantee for each individual loan, to aggregate these across all loans and to discount those cash flows back to the valuation date. The projection is done monthly until expected redemption of the loan either voluntarily or on the death/entering into long term care of the loanholders.	Discount rate	Range of 4.7% - 6.4%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

Stocks categorized as level 3 in the fair value hierarchy relate to limited partnership investments. The significant unobservable input used in the valuation of these investments is the Company's invested portion of the net asset value provided by management of the limited partnerships.

The following presents the Company's assets, liabilities and equity disclosed at fair value on a recurring basis by hierarchy level:

	2025			
	Level 1	Level 2	Level 3	Other assets/ liabilities not held at fair value
Assets disclosed at fair value				
Financial assets at amortized cost				
Mortgage loans	\$ —	\$ 4,350	\$ —	\$ —
Total financial assets at amortized cost	—	4,350	—	—
Other stocks ¹	567	—	—	688
Total assets disclosed at fair value	\$ 567	\$ 4,350	\$ —	\$ 688
Liabilities and equity disclosed at fair value				
Debentures and other debt instruments	\$ 273	\$ 7,874	\$ —	\$ —
Limited recourse capital notes	—	1,419	—	—
Total liabilities and equity disclosed at fair value	\$ 273	\$ 9,293	\$ —	\$ 9,566

¹ Other stocks include the Company's investment in IGM and other related parties.

	2024				Total
	Level 1	Level 2	Level 3	Other assets/ liabilities not held at fair value	
Assets disclosed at fair value					
Financial assets at amortized cost					
Mortgage loans	\$ —	\$ 4,193	\$ —	\$ —	\$ 4,193
Total financial assets at amortized cost	—	4,193	—	—	4,193
Other stocks ¹	421	—	—	600	1,021
Total assets disclosed at fair value	\$ 421	\$ 4,193	\$ —	\$ 600	\$ 5,214
Liabilities and equity disclosed at fair value					
Debentures and other debt instruments	\$ 144	\$ 8,506	\$ —	\$ —	\$ 8,650
Limited recourse capital notes	—	1,346	—	—	1,346
Total liabilities and equity disclosed at fair value	\$ 144	\$ 9,852	\$ —	\$ —	\$ 9,996

¹ Other stocks include the Company's investment in IGM and other related parties.

9. Goodwill and Intangible Assets

(a) Goodwill

(i) Carrying Value and Changes in the Carrying Value of Goodwill

	2025	2024
Cost		
Balance, beginning of year	\$ 11,468	\$ 11,284
Business acquisitions	17	75
Purchase price allocation adjustments	—	36
Disposals	(5)	(4)
Allocated to intangible assets	—	(299)
Changes in foreign exchange rates	(162)	376
Balance, end of year	\$ 11,318	\$ 11,468
Accumulated impairment		
Balance, beginning of year	\$ (40)	\$ (35)
Disposals	5	2
Impairment	—	(7)
Balance, end of year	\$ (35)	\$ (40)
Net carrying amount	\$ 11,283	\$ 11,428

(ii) Carrying Value of Goodwill Assigned to Cash Generating Unit Groupings

	2025	2024
United States	\$ 4,353	\$ 4,575
Canada ¹	4,475	4,460
Europe	2,455	2,393
Total	\$ 11,283	\$ 11,428

¹ Considering recent business transformation activities, the Company reassessed its cash generating unit groupings in the Canada segment and has grouped Individual Customer and Group Customer into Canada to reflect the current lowest level at which goodwill is monitored for internal management purposes.

(b) Intangible Assets

Intangible assets of \$4,912 (\$4,958 as at December 31, 2024) include indefinite life and finite life intangible assets. The carrying value and changes in the carrying value of these intangible assets are as follows:

(i) Indefinite Life Intangible Assets

	2025				2024			
	Brands and trademarks	Customer contract related	Shareholders' portion of acquired future participating account profit	Total	Brands and trademarks	Customer contract related	Shareholders' portion of acquired future participating account profit	Total
Cost								
Balance, beginning of year	\$ 575	\$ 545	\$ 354	\$ 1,474	\$ 562	\$ 410	\$ 354	\$ 1,326
Additions	—	—	—	—	—	135	—	135
Changes in foreign exchange rates	14	2	—	16	13	—	—	13
Balance, end of year	\$ 589	\$ 547	\$ 354	\$ 1,490	\$ 575	\$ 545	\$ 354	\$ 1,474
Accumulated impairment								
Balance, beginning of year	\$ (60)	\$ —	\$ —	\$ (60)	\$ (57)	\$ —	\$ —	\$ (57)
Changes in foreign exchange rates	(1)	—	—	(1)	(3)	—	—	(3)
Balance, end of year	\$ (61)	\$ —	\$ —	\$ (61)	\$ (60)	\$ —	\$ —	\$ (60)
Net carrying amount	\$ 528	\$ 547	\$ 354	\$ 1,429	\$ 515	\$ 545	\$ 354	\$ 1,414

(ii) Carrying Value of Indefinite Life Intangible Assets Assigned to Cash Generating Unit Groupings

	2025	2024
United States	\$ 19	\$ 20
Canada	1,138	1,138
Europe	272	256
Total	\$ 1,429	\$ 1,414

(iii) Finite Life Intangible Assets

	2025				
	Customer contract related	Distribution channels	Brands and trademarks	Technology and software	Total
Amortization period range	7 - 30 years	30 years	10 years	3 - 20 years	
Amortization method	Straight-line	Straight-line	Straight-line	Straight-line	
Cost					
Balance, beginning of year	\$ 3,532	\$ 111	\$ 101	\$ 2,979	\$ 6,723
Additions	48	—	—	437	485
Changes in foreign exchange rates	(94)	4	(5)	(10)	(105)
Disposals	(10)	—	—	(86)	(96)
Balance, end of year	\$ 3,476	\$ 115	\$ 96	\$ 3,320	\$ 7,007
Accumulated amortization and impairment					
Balance, beginning of year	\$ (1,371)	\$ (79)	\$ (18)	\$ (1,711)	\$ (3,179)
Changes in foreign exchange rates	26	(3)	2	5	30
Disposals	2	—	—	64	66
Amortization	(173)	(4)	(10)	(254)	(441)
Balance, end of year	\$ (1,516)	\$ (86)	\$ (26)	\$ (1,896)	\$ (3,524)
Net carrying amount	\$ 1,960	\$ 29	\$ 70	\$ 1,424	\$ 3,483

	2024				
	Customer contract related	Distribution channels	Brands and trademarks	Technology and software	Total
Amortization period range	7 - 30 years	30 years	10 years	3 - 10 years	
Amortization method	Straight-line	Straight-line	Straight-line	Straight-line	
Cost					
Balance, beginning of year	\$ 3,132	\$ 107	\$ 93	\$ 2,557	\$ 5,889
Additions	214	—	—	360	574
Changes in foreign exchange rates	191	4	8	84	287
Disposals	(5)	—	—	(22)	(27)
Balance, end of year	\$ 3,532	\$ 111	\$ 101	\$ 2,979	\$ 6,723
Accumulated amortization and impairment					
Balance, beginning of year	\$ (1,135)	\$ (73)	\$ (7)	\$ (1,459)	\$ (2,674)
Changes in foreign exchange rates	(64)	(2)	(1)	(48)	(115)
Impairment	(2)	—	—	—	(2)
Disposals	5	—	—	22	27
Amortization	(175)	(4)	(10)	(226)	(415)
Balance, end of year	\$ (1,371)	\$ (79)	\$ (18)	\$ (1,711)	\$ (3,179)
Net carrying amount	\$ 2,161	\$ 32	\$ 83	\$ 1,268	\$ 3,544

The weighted average remaining amortization period of the customer contract related, distribution channels and brands and trademarks are 13, 8 and 7 years respectively (14, 9 and 8 years respectively at December 31, 2024).

(c) Recoverable Amount

For the purposes of annual impairment testing, the Company allocates intangible assets to cash generating units and goodwill to cash generating unit groupings. Any potential impairment of indefinite life intangible assets is identified by comparing the recoverable amount of a cash generating unit to its carrying value. Any potential impairment of goodwill is identified by comparing the recoverable amount of a cash generating unit grouping to its carrying value.

Fair value is initially assessed with reference to valuation multiples of comparable publicly-traded financial institutions and precedent business acquisition transactions. The calculations utilize earnings and cash flow projections based on financial budgets approved by management. These valuation multiples may include price-to-earnings or price-to-book measures for life insurers and asset managers. This assessment may give regard to a variety of relevant considerations, including expected growth, risk and capital market conditions, among other factors. The valuation multiples used in assessing fair value represent Level 2 inputs.

In the fourth quarter of 2025, the Company conducted its annual impairment testing of intangible assets and goodwill based on September 30, 2025 asset balances. It was determined that the recoverable amounts of cash generating units for intangible assets and cash generating unit groupings for goodwill were in excess of their carrying values and there was no evidence of impairment.

Any reasonable changes in assumptions and estimates used in determining recoverable amounts of cash generating units or cash generating unit groupings is unlikely to cause carrying values to exceed recoverable amounts.

10. Owner Occupied Properties and Fixed Assets

The carrying value of owner occupied properties and the changes in the carrying value of owner occupied properties are as follows:

	2025	2024
Carrying value, beginning of year	\$ 1,011	\$ 932
Less: accumulated depreciation/impairments	(222)	(201)
Net carrying value, beginning of year	789	731
Additions	107	52
Impairment	(29)	(3)
Transferred to investment properties	(26)	9
Depreciation	(17)	(18)
Foreign exchange	5	18
Net carrying value, end of year	<u>\$ 829</u>	<u>\$ 789</u>

The net carrying value of fixed assets is \$395 at December 31, 2025 (\$346 at December 31, 2024).

The following provides details of the net carrying value of owner occupied properties and fixed assets by operating segment:

	2025	2024
United States	\$ 262	\$ 269
Canada	537	572
Europe	424	293
Capital and Risk Solutions	1	1
Total	<u>\$ 1,224</u>	<u>\$ 1,135</u>

There are no restrictions on the title of the owner occupied properties and fixed assets, nor are they pledged as security for debt.

11. Other Assets

	2025	2024
Deferred acquisition costs	\$ 1,208	\$ 1,065
Right-of-use assets	274	311
Trading account assets ¹	3,995	3,701
Finance leases receivable	1,043	926
Defined benefit pension plan assets (note 26)	589	493
Prepaid expenses	136	167
Funds held under investment contracts	6,229	6,895
Miscellaneous other assets	1,716	1,707
Total	<u>\$ 15,190</u>	<u>\$ 15,265</u>

¹ Includes bonds of \$3,751 and stocks of \$244 at December 31, 2025 (bonds of \$3,449 and stocks of \$252 at December 31, 2024).

Total other assets of \$5,902 (\$5,624 at December 31, 2024) are expected to be derecognized within 12 months from the reporting date. This amount excludes deferred acquisition costs, the changes in which are noted below.

Deferred Acquisition Costs

	2025	2024
Balance, beginning of year	\$ 1,065	\$ 913
Additions	302	247
Amortization	(140)	(123)
Changes in foreign exchange rates	5	54
Disposals	(24)	(26)
Balance, end of year	<u>\$ 1,208</u>	<u>\$ 1,065</u>

12. Insurance Revenue

Contracts not measured under the premium allocation approach (PAA)

Amounts relating to changes in liabilities for remaining coverage

	2025	2024
Experience adjustments	\$ (100)	\$ (61)
CSM recognized for services provided	1,357	1,262
Change in risk adjustment for non-financial risk for risk expired	624	624
Expected incurred claims and other insurance service expenses	9,927	9,527
Recovery of insurance acquisition cash flows	658	588

Contracts measured under the PAA

Total insurance revenue

	12,466	11,940
	9,855	9,274
\$	22,321	\$ 21,214

13. Insurance Service and Other Operating Expenses

	2025	2024 ¹
Claims and benefits incurred	\$ 15,256	\$ 14,598
Allocation of premium directly to recovery of insurance acquisition cash flows	843	748
Adjustments to the liability for incurred claims	(820)	(773)
Losses and reversal of losses on onerous insurance contracts	213	97
Salaries and other employee benefits	5,280	5,059
General and administrative	1,815	1,673
Interest expense on leases	13	14
Depreciation of fixed assets	85	87
Depreciation of right-of-use assets	53	54
Commissions	1,962	1,861
Total expenses	\$ 24,700	\$ 23,418
Represented by:		
Insurance service expenses	\$ 17,239	\$ 16,368
Other operating and administrative expenses	7,461	7,050
Total expenses	\$ 24,700	\$ 23,418

¹ Certain comparative figures have been reclassified to conform with current year's presentation.

14. Insurance Contracts

(a) Analysis by Remaining Coverage and Incurred Claims

Insurance contracts	2025						
	Liability for remaining coverage		Liability for incurred claims				
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		Asset for acquisition cash flows	Total
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Opening assets	\$ (1,414)	\$ 3	\$ 190	\$ 28	\$ —	\$ —	\$ (1,193)
Opening liabilities	137,519	337	3,573	13,866	569	(181)	155,683
Opening liabilities on account of segregated fund policyholders	66,343	—	—	—	—	—	66,343
Net opening balance	202,448	340	3,763	13,894	569	(181)	220,833
Changes in the Consolidated Statements of Earnings and Comprehensive Income							
Insurance revenue	(22,321)	—	—	—	—	—	(22,321)
Insurance service expenses							
Incurred claims and other insurance service expenses	—	(31)	10,067	6,905	62	—	17,003
Amortization of insurance acquisition cash flows	843	—	—	—	—	—	843
Losses and reversal of losses on onerous contracts	—	213	—	—	—	—	213
Adjustments to liabilities for incurred claims	—	—	(48)	(692)	(80)	—	(820)
	843	182	10,019	6,213	(18)	—	17,239
Investment components	(11,063)	—	7,927	3,136	—	—	—
Total changes in insurance service result	(32,541)	182	17,946	9,349	(18)	—	(5,082)
Net finance (income) expenses from insurance contracts	6,353	(1)	6,087	474	16	—	12,929
Effect of movement in exchange rates	957	(2)	64	158	9	—	1,186
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(25,231)	179	24,097	9,981	7	—	9,033
Cash flows							
Premiums received	34,593	—	—	—	—	—	34,593
Incurred claims paid and other insurance service expenses paid	(54)	—	(23,986)	(9,709)	—	—	(33,749)
Insurance acquisition cash flows	(959)	—	—	—	—	—	(959)
Insurance acquisition cash flows transferred from the asset for insurance acquisition cash flows at initial recognition	(36)	—	—	—	—	—	(36)
Other cash flows ¹	1,092	—	—	—	—	—	1,092
Total cash flows	34,636	—	(23,986)	(9,709)	—	—	941
Asset for acquisition cash flows							
Insurance acquisition cash flows paid in the period	—	—	—	—	—	(40)	(40)
Insurance acquisition cash flows allocated to groups of insurance contracts recognized in the period	—	—	—	—	—	36	36
Total changes in asset for acquisition cash flows	—	—	—	—	—	(4)	(4)
Other movements ²	(312)	—	—	—	—	—	(312)
Net closing balance ³	\$ 211,541	\$ 519	\$ 3,874	\$ 14,166	\$ 576	\$ (185)	\$ 230,491
Recorded in:							
Closing assets	\$ (2,374)	\$ —	\$ 894	\$ (91)	\$ —	\$ —	\$ (1,571)
Closing liabilities	143,497	519	2,980	14,257	576	(185)	161,644
Closing liabilities on account of segregated fund policyholders	70,418	—	—	—	—	—	70,418
Net closing balance ³	\$ 211,541	\$ 519	\$ 3,874	\$ 14,166	\$ 576	\$ (185)	\$ 230,491

¹ Other cash flows includes transfer to/from segregated funds, premiums to be settled via funding component balance (FCB), claims to be settled via FCB, net settlements, and other cash flows from policy loans.

² Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

³ Included in the insurance contract balances are loans to policyholders of \$8,727 and funds withheld of \$3,489.

Insurance contracts

2024

	Liability for remaining coverage		Liability for incurred claims				Asset for acquisition cash flows	Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA				
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk			
Opening assets	\$ (2,021)	\$ —	\$ 831	\$ (3)	\$ —	\$ —	\$ (1,193)	
Opening liabilities	127,300	253	2,876	13,578	555	(174)	144,388	
Opening liabilities on account of segregated fund policyholders	60,302	—	—	—	—	—	60,302	
Net opening balance	185,581	253	3,707	13,575	555	(174)	203,497	
Changes in the Consolidated Statements of Earnings and Comprehensive Income								
Insurance revenue	(21,214)	—	—	—	—	—	(21,214)	
Insurance service expenses								
Incurred claims and other insurance service expenses	—	(21)	9,647	6,615	55	—	16,296	
Amortization of insurance acquisition cash flows	748	—	—	—	—	—	748	
Losses and reversal of losses on onerous contracts	—	97	—	—	—	—	97	
Adjustments to liabilities for incurred claims	—	—	(17)	(689)	(67)	—	(773)	
	748	76	9,630	5,926	(12)	—	16,368	
Investment components	(10,578)	—	7,523	3,055	—	—	—	
Total changes in insurance service result	(31,044)	76	17,153	8,981	(12)	—	(4,846)	
Net finance (income) expenses from insurance contracts	7,856	2	5,576	505	17	—	13,956	
Effect of movement in exchange rates	4,892	9	87	188	9	—	5,185	
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(18,296)	87	22,816	9,674	14	—	14,295	
Cash flows								
Premiums received	35,406	—	—	—	—	—	35,406	
Incurred claims paid and other insurance service expenses paid	(58)	—	(22,760)	(9,355)	—	—	(32,173)	
Insurance acquisition cash flows	(878)	—	—	—	—	—	(878)	
Insurance acquisition cash flows transferred from the asset for insurance acquisition cash flows at initial recognition	(34)	—	—	—	—	—	(34)	
Other cash flows ¹	1,211	—	—	—	—	—	1,211	
Total cash flows	35,647	—	(22,760)	(9,355)	—	—	3,532	
Asset for acquisition cash flows								
Insurance acquisition cash flows paid in the period	—	—	—	—	—	(41)	(41)	
Insurance acquisition cash flows allocated to groups of insurance contracts recognized in the period	—	—	—	—	—	34	34	
Total changes in asset for acquisition cash flows	—	—	—	—	—	(7)	(7)	
Other movements ²	(484)	—	—	—	—	—	(484)	
Net closing balance ³	\$ 202,448	\$ 340	\$ 3,763	\$ 13,894	\$ 569	\$ (181)	\$ 220,833	
Recorded in:								
Closing assets	\$ (1,414)	\$ 3	\$ 190	\$ 28	\$ —	\$ —	\$ (1,193)	
Closing liabilities	137,519	337	3,573	13,866	569	(181)	155,683	
Closing liabilities on account of segregated fund policyholders	66,343	—	—	—	—	—	66,343	
Net closing balance ³	\$ 202,448	\$ 340	\$ 3,763	\$ 13,894	\$ 569	\$ (181)	\$ 220,833	

¹ Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlements, and other cash flows from policy loans.

² Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

³ Included in the insurance contract balances are loans to policyholders of \$9,204 and funds withheld of \$3,640.

(b) Analysis by Measurement Component for Insurance Contracts not Measured Under PAA**Insurance contracts**

	2025			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	\$ (4,397)	\$ 584	\$ 2,672	\$ (1,141)
Opening liabilities	124,143	6,155	11,768	142,066
Opening liabilities on account of segregated fund policyholders	66,343	—	—	66,343
Net opening balance	186,089	6,739	14,440	207,268
Changes in the Consolidated Statements of Earnings and Comprehensive Income				
Changes that relate to current service				
CSM recognized for services provided	—	—	(1,357)	(1,357)
Change in risk adjustment for non-financial risk for risk expired	—	(628)	—	(628)
Experience adjustments	211	1	—	212
Changes that relate to future service				
Contracts initially recognized in the year	(863)	257	620	14
Changes in estimates that adjust the CSM	(142)	(15)	157	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	169	30	—	199
Changes that relate to past service				
Adjustment to liabilities for incurred claims	(44)	(3)	—	(47)
Total changes in insurance service result	(669)	(358)	(580)	(1,607)
Net finance (income) expenses from insurance contracts	12,163	88	187	12,438
Effect of movement in exchange rates	539	124	350	1,013
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	12,033	(146)	(43)	11,844
Cash flows				
Premiums received	21,737	—	—	21,737
Incurred claims paid and other insurance service expenses paid	(24,040)	—	—	(24,040)
Insurance acquisition cash flows	(807)	—	—	(807)
Other cash flows ¹	1,153	—	—	1,153
Total cash flows	(1,957)	—	—	(1,957)
Other movements ²	(312)	—	—	(312)
Net closing balance	\$ 195,853	\$ 6,593	\$ 14,397	\$ 216,843
Recorded in:				
Closing assets	\$ (7,185)	\$ 1,549	\$ 4,267	\$ (1,369)
Closing liabilities	132,620	5,044	10,130	147,794
Closing liabilities on account of segregated fund policyholders	70,418	—	—	70,418
Net closing balance	\$ 195,853	\$ 6,593	\$ 14,397	\$ 216,843

¹ Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlements, and other cash flows from policy loans.

² Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

Insurance contracts

	2024			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	\$ (6,560)	\$ 1,654	\$ 3,796	\$ (1,110)
Opening liabilities	115,794	5,372	9,952	131,118
Opening liabilities on account of segregated fund policyholders	60,302	—	—	60,302
Net opening balance	169,536	7,026	13,748	190,310
Changes in the Consolidated Statements of Earnings and Comprehensive Income				
Changes that relate to current service				
CSM recognized for services provided	—	—	(1,262)	(1,262)
Change in risk adjustment for non-financial risk for risk expired	—	(627)	—	(627)
Experience adjustments	161	1	—	162
Changes that relate to future service				
Contracts initially recognized in the year	(1,229)	330	913	14
Changes in estimates that adjust the CSM	(243)	(284)	527	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	69	14	—	83
Changes that relate to past service				
Adjustment to liabilities for incurred claims	(16)	—	—	(16)
Total changes in insurance service result	(1,258)	(566)	178	(1,646)
Net finance (income) expenses from insurance contracts	13,186	74	174	13,434
Effect of movement in exchange rates	4,441	205	340	4,986
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	16,369	(287)	692	16,774
Cash flows				
Premiums received	22,964	—	—	22,964
Incurred claims paid and other insurance service expenses paid	(22,817)	—	—	(22,817)
Insurance acquisition cash flows	(750)	—	—	(750)
Other cash flows ¹	1,271	—	—	1,271
Total cash flows	668	—	—	668
Other movements ²	(484)	—	—	(484)
Net closing balance	\$ 186,089	\$ 6,739	\$ 14,440	\$ 207,268
Recorded in:				
Closing assets	\$ (4,397)	\$ 584	\$ 2,672	\$ (1,141)
Closing liabilities	124,143	6,155	11,768	142,066
Closing liabilities on account of segregated fund policyholders	66,343	—	—	66,343
Net closing balance	\$ 186,089	\$ 6,739	\$ 14,440	\$ 207,268

¹ Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlements, and other cash flows from policy loans.

² Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

(c) CSM and Insurance Revenue by Transition Approach

	2025	2024
CSM movement by transition approach		
Insurance contracts under fair value approach		
CSM balance, beginning of year	\$ 9,052	\$ 9,641
Change related to current service provided		
CSM recognized for services provided	(845)	(885)
Changes that relate to future service		
Changes in estimates that adjust the CSM	97	58
Total changes in insurance service result	(748)	(827)
Net finance expenses from insurance contracts	48	62
Effect of movement in exchange rates	193	176
Total change	(507)	(589)
CSM balance, end of year	\$ 8,545	\$ 9,052
Other insurance contracts		
CSM balance, beginning of year	\$ 5,388	\$ 4,107
Change related to current service provided		
CSM recognized for services provided	(512)	(377)
Changes that relate to future service		
Contracts initially recognized in the year	620	913
Changes in estimates that adjust the CSM	60	469
Total changes in insurance service result	168	1,005
Net finance expenses from insurance contracts	139	112
Effect of movement in exchange rates	157	164
Total change	464	1,281
CSM balance, end of year	\$ 5,852	\$ 5,388
Net CSM balance, end of year	\$ 14,397	\$ 14,440
Insurance revenue		
Insurance revenue for contracts under fair value approach	\$ 7,543	\$ 8,569
Insurance revenue for contracts under other approaches	14,778	12,645
Total insurance revenue	\$ 22,321	\$ 21,214

Upon transition, IFRS 17 required an entity to apply the standard retrospectively unless impracticable. The Company performed a cut-off date assessment (by region and product) to determine the contracts to which the full retrospective approach can be applied. The Company applied the full retrospective approach to all identified insurance contracts unless it was impracticable, where reasonable and supportable information necessary to complete the full retrospective approach was not available.

The Company applied the fair value approach to contracts where it was impracticable to apply the full retrospective approach. The fair value approach calculates the CSM or loss component of the liability for remaining coverage as the difference between the fair value of a group of insurance contracts at the date of transition and the fulfillment cash flows measured at that date.

The Company used an embedded value approach to determine the fair value within the fair value approach. Under the embedded value approach, the fair value is measured as the third party's present value of fulfillment cash flows, plus future costs of capital, less any future profits. The cost of capital was measured as the total required capital multiplied by a hurdle rate, and the future profits are driven by the release of risk adjustment and investment income on required capital. The development of the assumptions were based on a combination of publicly available industry data, historic economic data and the Company's own view of assumptions when the external data sources were not available.

(d) Composition of Insurance Contract Liabilities and Related Supporting Assets**(i) Composition of Insurance and Reinsurance Contract Assets and Liabilities, as well as Investment Contract Liabilities**

2025					
	Insurance contract assets	Reinsurance contract held assets	Insurance contract liabilities	Investment contract liabilities	Reinsurance contract held liabilities
Participating					
United States	\$ —	\$ —	\$ 5,033	\$ —	\$ —
Canada	—	—	61,045	—	—
Europe	—	—	118	—	—
Capital and Risk Solutions	—	—	651	—	—
Non-Participating					
United States	315	11,818	12,599	84,620	158
Canada	445	1,224	30,600	3,456	321
Europe	534	3,705	45,386	377	397
Capital and Risk Solutions	277	103	6,212	589	43
Total	\$ 1,571	\$ 16,850	\$ 161,644	\$ 89,042	\$ 919

2024					
	Insurance contract assets	Reinsurance contract held assets	Insurance contract liabilities	Investment contract liabilities	Reinsurance contract held liabilities
Participating					
United States	\$ —	\$ —	\$ 5,337	\$ —	\$ —
Canada	—	—	55,941	—	—
Europe	—	—	122	—	—
Capital and Risk Solutions	—	—	678	—	—
Non-Participating					
United States	335	12,756	13,544	85,470	159
Canada	434	1,216	31,309	3,698	283
Europe	353	3,746	41,944	330	313
Capital and Risk Solutions	71	124	6,808	659	40
Total	\$ 1,193	\$ 17,842	\$ 155,683	\$ 90,157	\$ 795

(ii) Composition of Assets Supporting Insurance Contract Liabilities

2025						
	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Participating liabilities						
United States	\$ 3,939	\$ 528	\$ 276	\$ —	\$ 290	\$ 5,033
Canada	29,132	12,332	12,618	5,630	1,333	61,045
Europe	56	—	39	—	23	118
Capital and Risk Solutions	613	—	—	—	38	651
Non-participating liabilities						
United States	346	7	—	—	12,246	12,599
Canada	23,072	3,533	3,422	573	—	30,600
Europe	29,177	7,923	126	1,658	6,502	45,386
Capital and Risk Solutions	5,354	811	47	—	—	6,212
Total	\$ 91,689	\$ 25,134	\$ 16,528	\$ 7,861	\$ 20,432	\$ 161,644

2024 ¹						
	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Participating liabilities						
United States	\$ 4,281	\$ 612	\$ 251	\$ —	\$ 193	\$ 5,337
Canada	27,497	12,239	10,513	5,164	528	55,941
Europe	53	—	34	3	32	122
Capital and Risk Solutions	604	—	—	—	74	678
Non-participating liabilities						
United States	387	8	—	—	13,149	13,544
Canada	23,553	3,727	3,206	742	81	31,309
Europe	27,227	7,359	396	1,909	5,053	41,944
Capital and Risk Solutions	6,057	751	—	—	—	6,808
Total	\$ 89,659	\$ 24,696	\$ 14,400	\$ 7,818	\$ 19,110	\$ 155,683

¹ Comparative figures have been reclassified to conform with current year's presentation.

Cash flows of assets supporting insurance contract liabilities are matched within reasonable limits.

(e) Effect on Measurement Components of Contracts Initially Recognized in the Year

Insurance contracts

Insurance acquisition cash flows	
Claims and other insurance service expenses payable	
Estimates of present value of cash outflows	
Estimates of present value of cash inflows	
Risk adjustment for non-financial risk	
CSM	
Total losses (gains) recognized on initial recognition	

2025		
Profitable contracts issued	Onerous contracts issued	Total
\$ 683	\$ 49	\$ 732
7,425	83	7,508
8,108	132	8,240
(8,968)	(135)	(9,103)
240	17	257
620	—	620
\$ —	\$ 14	\$ 14

Insurance contracts

Insurance acquisition cash flows	
Claims and other insurance service expenses payable	
Estimates of present value of cash outflows	
Estimates of present value of cash inflows	
Risk adjustment for non-financial risk	
CSM	
Total losses (gains) recognized on initial recognition	

2024		
Profitable contracts issued	Onerous contracts issued	Total
\$ 582	\$ 42	\$ 624
9,241	79	9,320
9,823	121	9,944
(11,050)	(123)	(11,173)
312	18	330
913	—	913
\$ (2)	\$ 16	\$ 14

The Company did not acquire any insurance contracts through transfer or business combination.

(f) Maturity Analysis of Insurance and Reinsurance Contracts Held

The following table shows the undiscounted expected future cash outflows (inflows) for insurance and reinsurance contracts held by expected timing based on best estimate actuarial assumptions and excludes amounts from insurance contract liabilities on account of segregated fund holders. Whole life individual insurance products have expected cash flows for several decades in the future. Examples of cash outflows are payment of claims and expenses, and examples of cash inflows are premiums.

		2025						
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Insurance contracts								
Insurance contract liabilities	\$	9,039	\$ 5,164	\$ 5,402	\$ 5,508	\$ 5,851	\$ 507,352	\$ 538,316
Insurance contract assets		(786)	(821)	(776)	(678)	(621)	(8,048)	(11,730)
	\$	8,253	\$ 4,343	\$ 4,626	\$ 4,830	\$ 5,230	\$ 499,304	\$ 526,586
Reinsurance contracts held								
Reinsurance contract held liabilities	\$	177	\$ 239	\$ 241	\$ 218	\$ 190	\$ 1,433	\$ 2,498
Reinsurance contract held assets		(736)	(218)	(198)	(196)	(199)	(4,479)	(6,026)
	\$	(559)	\$ 21	\$ 43	\$ 22	\$ (9)	\$ (3,046)	\$ (3,528)
		2024						
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Insurance contracts								
Insurance contract liabilities	\$	8,168	\$ 4,295	\$ 4,429	\$ 4,776	\$ 4,947	\$ 456,281	\$ 482,896
Insurance contract assets		(604)	(573)	(541)	(479)	(424)	(3,260)	(5,881)
	\$	7,564	\$ 3,722	\$ 3,888	\$ 4,297	\$ 4,523	\$ 453,021	\$ 477,015
Reinsurance contracts held								
Reinsurance contract held liabilities	\$	182	\$ 111	\$ 112	\$ 99	\$ 82	\$ 490	\$ 1,076
Reinsurance contract held assets		(634)	(189)	(168)	(164)	(167)	(4,306)	(5,628)
	\$	(452)	\$ (78)	\$ (56)	\$ (65)	\$ (85)	\$ (3,816)	\$ (4,552)

(g) Amount of Insurance Contract Liabilities Payable on Demand

The amounts from insurance contract liabilities that are payable on demand are set out below. The amounts payable on demand include the cash surrender value and/or the account value less applicable surrender charges payable. Insurance contract liabilities held on account of segregated fund holders are excluded from the amounts payable on demand and carrying amounts.

		2025	2024
Amounts payable on demand	\$	67,709	\$ 64,424
Carrying amounts		105,841	101,715

(h) Expected Remaining CSM Recognition

		Insurance contracts						
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years
2025	\$	1,287	\$ 1,158	\$ 1,036	\$ 951	\$ 869	\$ 3,366	\$ 5,730
2024		1,207	1,121	1,027	950	873	3,384	5,878
								14,440

(i) Expected Derecognition of the Asset for Insurance Acquisition Cash Flows

		Insurance contracts						
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years
2025	\$	34	\$ 31	\$ 28	\$ 25	\$ 21	\$ 46	\$ —
2024		32	30	27	24	21	47	—
								181

(j) Insurance Risk**Actuarial Assumptions**

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. 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 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, the Company uses 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 very 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 judgment 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 below.

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 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.

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

Insurance Risk

	2025			
	Net earnings		CSM ¹	
	Before Reinsurance	Net of Reinsurance Held	Before Reinsurance	Net of Reinsurance Held
2% Life mortality increase	\$ (225)	\$ (200)	\$ (225)	\$ (75)
2% Annuity mortality decrease	200	175	(750)	(625)
5% Morbidity adverse change	(150)	(150)	(225)	(100)
5% Expense increase	(25)	—	(125)	(125)
10% Adverse change in policy termination and renewal	(225)	(150)	(675)	(725)

	2024			
	Net earnings		CSM ¹	
	Before Reinsurance	Net of Reinsurance Held	Before Reinsurance	Net of Reinsurance Held
2% Life mortality increase	\$ (100)	\$ (100)	\$ (350)	\$ (175)
2% Annuity mortality decrease	200	175	(725)	(650)
5% Morbidity adverse change	(150)	(125)	(200)	(100)
5% Expense increase	—	—	(125)	(150)
10% Adverse change in policy termination and renewal	(50)	—	(850)	(850)

¹ The impacts to the CSM are pre-tax.

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

Assumption changes on insurance risks directly impact CSM, for contracts which have CSM. The impact of assumption changes on CSM are measured at locked-in discount rates, for contracts measured under the General Measurement Model. Net earnings impacts arise from any differences relative to 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). For assumption changes impacting CSM, there is a second-order impact to earnings 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, as most locked-in rates for the calculation of CSM impacts were struck at January 1, 2022 for the in-force portfolio. Therefore, an unfavourable change in assumptions on insurance risks, leading to a liability strengthening offset by CSM reduction, also results in a positive earnings 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).

Reinsurance Risk

Maximum limits per insured life benefit amount (which vary by line of business) are established for life and health insurance, and reinsurance is purchased for amounts in excess of those limits.

Reinsurance costs and recoveries as defined by the reinsurance agreement are reflected in the valuation with these costs and recoveries being appropriately calibrated to the direct assumptions.

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honour their obligations could result in losses to the Company. The Company evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

Certain of the reinsurance contracts are on a funds withheld basis where the Company retains the assets supporting the reinsured insurance contract liabilities, thus minimizing the exposure to significant losses from reinsurer insolvency on those contracts.

Discount Rates

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:

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

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

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

Impact of Assumption Changes and Management Actions

Throughout the year, the Company completed certain assumption reviews and model refinements related to insurance contract liabilities. The following table shows the net earnings and CSM impacts of assumption changes and management actions for the years ended December 31, 2025 and December 31, 2024:

Assumptions	CSM impacts ¹	Net earnings impact (pre-tax)	Description
For the year ended December 31, 2025			
Longevity	\$ 30	\$ 18	Updates to reflect recent longevity experience, primarily on portfolios in the Capital and Risk Solutions segment and the Europe segment
Mortality	(21)	(27)	Updates to reflect recent mortality experience on the U.S. life reinsurance portfolio in the Capital and Risk Solutions segment, and recent mortality experience and trends in the Canada segment
Policyholder behaviour	(184)	50	Updates to lapse assumptions on universal life insurance in the Canada segment
Other	25	(141)	Other updates, including financial and expense assumptions
Total	\$ (150)	\$ (100)	
For the year ended December 31, 2024			
Total	\$ 252	\$ (209)	

¹ Excludes participating and segregated fund policies.

15. Reinsurance Contracts Held

(a) Analysis by Remaining Coverage and Incurred Claims

Reinsurance contracts held

	2025					
	Asset for remaining coverage		Asset for incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Contracts not under the PAA	Contracts under PAA Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	\$ 16,594	\$ 72	\$ 1,046	\$ 124	\$ 6	\$ 17,842
Opening liabilities	(1,269)	28	339	99	8	(795)
Net opening balance	15,325	100	1,385	223	14	17,047
Changes in the Consolidated Statements of Earnings and Comprehensive Income						
Net expenses from reinsurance contracts	(4,643)	(3)	1,935	1,003	5	(1,703)
Investment components	(140)	—	140	—	—	—
Net finance income from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(349)	(2)	18	7	—	(326)
Effect of movement in exchange rates	(383)	2	45	5	—	(331)
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(5,515)	(3)	2,138	1,015	5	(2,360)
Cash flows						
Premiums paid	5,292	—	—	—	—	5,292
Incurred claims received and other insurance service amounts received	—	—	(2,062)	(908)	—	(2,970)
Other cash flows ¹	(767)	—	—	—	—	(767)
Total cash flows	4,525	—	(2,062)	(908)	—	1,555
Other movements ²	(311)	—	—	—	—	(311)
Net closing balance ³	\$ 14,024	\$ 97	\$ 1,461	\$ 330	\$ 19	\$ 15,931
Recorded in:						
Closing assets	\$ 15,473	\$ 79	\$ 948	\$ 331	\$ 19	\$ 16,850
Closing liabilities	(1,449)	18	513	(1)	—	(919)
Net closing balance ³	\$ 14,024	\$ 97	\$ 1,461	\$ 330	\$ 19	\$ 15,931

¹ Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

² Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

³ Included in the reinsurance contracts held amounts are funds withheld by the Company under reinsurance contracts of \$5,463.

Reinsurance contracts held

2024

	Asset for remaining coverage		Asset for incurred claims			
	Excluding loss recovery component	Loss recovery component	Contracts not under the PAA	Contracts under PAA		Total
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	\$ 15,981	\$ 90	\$ 1,002	\$ 247	\$ 12	\$ 17,332
Opening liabilities	(885)	20	218	(1)	—	(648)
Net opening balance	15,096	110	1,220	246	12	16,684
Changes in the Consolidated Statements of Earnings and Comprehensive Income						
Net expenses from reinsurance contracts	(4,457)	(10)	1,906	961	1	(1,599)
Investment components	(123)	—	123	—	—	—
Net finance income from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(52)	(1)	36	6	1	(10)
Effect of movement in exchange rates	1,036	1	19	5	—	1,061
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(3,596)	(10)	2,084	972	2	(548)
Cash flows						
Premiums paid	3,799	—	—	—	—	3,799
Incurred claims received and other insurance service amounts received	—	—	(1,919)	(995)	—	(2,914)
Other cash flows ¹	510	—	—	—	—	510
Total cash flows	4,309	—	(1,919)	(995)	—	1,395
Other movements ²	(484)	—	—	—	—	(484)
Net closing balance ³	\$ 15,325	\$ 100	\$ 1,385	\$ 223	\$ 14	\$ 17,047
Recorded in:						
Closing assets	\$ 16,594	\$ 72	\$ 1,046	\$ 124	\$ 6	\$ 17,842
Closing liabilities	(1,269)	28	339	99	8	(795)
Net closing balance ³	\$ 15,325	\$ 100	\$ 1,385	\$ 223	\$ 14	\$ 17,047

¹ Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

² Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

³ Included in the reinsurance contracts held amounts are funds withheld by the Company under reinsurance contracts of \$4,276.

(b) Analysis by Measurement Component for Reinsurance Contracts Held not Measured Under PAA**Reinsurance contracts held**

	2025			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	\$ 16,644	\$ 731	\$ 344	\$ 17,719
Opening liabilities	(2,488)	1,021	728	(739)
Net opening balance	14,156	1,752	1,072	16,980
Changes in the Consolidated Statements of Earnings and Comprehensive Income				
Changes that relate to current service				
CSM recognized for services received	—	—	(125)	(125)
Change in risk adjustment for non-financial risk for risk expired	—	(175)	—	(175)
Experience adjustments	52	—	—	52
Changes that relate to future service				
Contracts initially recognized in the year	(106)	138	(22)	10
Changes in estimates that adjust the CSM	56	38	(94)	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	(16)	14	—	(2)
Changes that relate to past service				
Changes in amounts recoverable arising from changes in liability for incurred claims	(17)	(1)	—	(18)
Net expenses from reinsurance contracts	(31)	14	(241)	(258)
Net finance income from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(353)	(6)	26	(333)
Effect of movement in exchange rates	(404)	57	10	(337)
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(788)	65	(205)	(928)
Cash flows				
Premiums paid	2,852	—	—	2,852
Incurred claims received and other insurance service amounts received	(2,062)	—	—	(2,062)
Other cash flows ¹	(767)	—	—	(767)
Total cash flows	23	—	—	23
Other movements ²	(311)	—	—	(311)
Net closing balance	\$ 13,080	\$ 1,817	\$ 867	\$ 15,764
Recorded in:				
Closing assets	\$ 15,713	\$ 708	\$ 255	\$ 16,676
Closing liabilities	(2,633)	1,109	612	(912)
Net closing balance	\$ 13,080	\$ 1,817	\$ 867	\$ 15,764

¹ Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

² Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

Reinsurance contracts held

	2024			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	\$ 16,181	\$ 866	\$ 163	\$ 17,210
Opening liabilities	(2,419)	863	950	(606)
Net opening balance	13,762	1,729	1,113	16,604
Changes in the Consolidated Statements of Earnings and Comprehensive Income				
Changes that relate to current service				
CSM recognized for services received	—	—	(131)	(131)
Change in risk adjustment for non-financial risk for risk expired	—	(176)	—	(176)
Experience adjustments	43	(1)	—	42
Changes that relate to future service				
Contracts initially recognized in the year	(115)	159	(34)	10
Changes in estimates that adjust the CSM	(27)	(34)	61	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	(17)	11	—	(6)
Changes that relate to past service				
Changes in amounts recoverable arising from changes in liability for incurred claims	25	—	—	25
Net expenses from reinsurance contracts	(91)	(41)	(104)	(236)
Net finance income from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(83)	31	35	(17)
Effect of movement in exchange rates	998	33	28	1,059
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	824	23	(41)	806
Cash flows				
Premiums paid	1,462	—	—	1,462
Incurred claims received and other insurance service amounts received	(1,918)	—	—	(1,918)
Other cash flows ¹	510	—	—	510
Total cash flows	54	—	—	54
Other movements ²	(484)	—	—	(484)
Net closing balance	\$ 14,156	\$ 1,752	\$ 1,072	\$ 16,980
Recorded in:				
Closing assets	\$ 16,644	\$ 731	\$ 344	\$ 17,719
Closing liabilities	(2,488)	1,021	728	(739)
Net closing balance	\$ 14,156	\$ 1,752	\$ 1,072	\$ 16,980

¹ Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

² Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

(c) CSM by Transition Approach

	2025	2024
Reinsurance contracts held		
Reinsurance contracts held under fair value approach		
CSM balance, beginning of year	\$ 1,021	\$ 1,106
Change related to current service provided		
CSM recognized for services provided	(123)	(124)
Changes that relate to future service		
Changes in estimates that adjust the CSM	2	(24)
Total changes in insurance service result	(121)	(148)
Net finance expenses from reinsurance contracts	41	63
Total change	(80)	(85)
CSM balance, end of year	\$ 941	\$ 1,021
Other reinsurance contracts held		
CSM balance, beginning of year	\$ 51	\$ 7
Change related to current service provided		
CSM recognized for services provided	(2)	(7)
Changes that relate to future service		
Contracts initially recognized in the year	(22)	(34)
Changes in estimates that adjust the CSM	(96)	85
Total changes in insurance service result	(120)	44
Net finance expenses from reinsurance contracts	(5)	—
Total change	(125)	44
CSM balance, end of year	\$ (74)	\$ 51
Net CSM balance, end of year	\$ 867	\$ 1,072

(d) Effect on Measurement Components of Contracts Initially Recognized in the Year

	2025	2024
Reinsurance contracts held		
Estimates of present value of cash outflows	\$ 3,332	\$ 3,522
Estimates of present value of cash inflows	(3,226)	(3,407)
Risk adjustment for non-financial risk	(138)	(159)
Income recognized on initial recognition	10	10
CSM	\$ 22	\$ 34

The Company did not acquire any reinsurance contracts held through transfer or business combination.

(e) Expected Remaining CSM Recognition

	Reinsurance contracts held							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
2025	\$ (107)	\$ (94)	\$ (82)	\$ (71)	\$ (60)	\$ (210)	\$ (243)	\$ (867)
2024	(122)	(109)	(97)	(86)	(76)	(262)	(320)	(1,072)

16. Investment Contract Liabilities

Change in Investment Contract Liabilities Measured at Fair Value

	2025	2024
Balance, beginning of year	\$ 90,157	\$ 88,919
Normal change in force business	(1,870)	(8,469)
Investment experience	5,020	2,932
Management action and changes in assumptions	(16)	—
Impact of foreign exchange rate changes	(4,249)	6,775
Balance, end of year	\$ 89,042	\$ 90,157

All investment contract liabilities are measured at FVTPL.

17. Segregated Funds and Other Structured Entities

The Company offers segregated fund products in Canada, the U.S. and Europe that are referred to as segregated funds, separate accounts and unit-linked funds in the respective region. These funds are contracts issued by insurers to segregated fund policyholders where the benefit is directly linked to the performance of the investments, the risks or rewards of the fair value movements and net investment income is realized by the segregated fund policyholders. The segregated fund policyholders are required to select segregated funds that hold a range of underlying investments. While the Company has legal title to the investments, there is a contractual obligation to pass along the investment results to the segregated fund policyholder and the Company segregates these investments from those of the Company.

In Canada and the U.S., the segregated fund and separate account assets are legally separated from the general assets of the Company under the terms of the policyholder agreement and cannot be used to settle obligations of the Company. In Europe, the assets of the funds are functionally and constructively segregated from those of the Company. As a result of the legal and constructive arrangements of these funds, the assets of these funds are presented on the Consolidated Balance Sheets as investments on account of segregated fund policyholders and the associated liabilities as investment contracts on account of segregated fund policyholders and insurance contracts on account of segregated fund policyholders.

In circumstances where the segregated funds are invested in structured entities and are deemed to control the entity, the Company has presented the non-controlling ownership interest within the segregated funds for the risk of policyholders as equal and offsetting amounts in the assets and liabilities. The amounts presented within are \$6,708 at December 31, 2025 (\$6,082 at December 31, 2024).

Within the Consolidated Statements of Earnings, all segregated fund policyholders' income, including fair value changes and net investment income, is credited to the segregated fund policyholders and reflected in the assets and liabilities on account of segregated fund policyholders within the Consolidated Balance Sheets. These revenues and expenses are presented in the Consolidated Statements of Earnings where the contracts with the segregated fund policyholders are classified as insurance contracts.

Segregated Funds Guarantee Exposure

The Company offers retail segregated fund products, unitized with profits (UWP) products and variable annuity products that provide for certain guarantees that are tied to the market values of the investment funds. While these products are similar to mutual funds, there is a key difference from mutual funds as the segregated funds have certain guarantee features that protect the segregated fund policyholder from market declines in the underlying investments. These guarantees are the Company's primary exposure on these funds. The Company accounts for these guarantees within insurance and investment contract liabilities within the consolidated financial statements. In addition to the Company's exposure on the guarantees, the fees earned by the Company on these products are impacted by the market value of these funds.

In Canada, the Company offers retail segregated fund products through Canada Life. These products provide guaranteed minimum death benefits (GMDB) and guaranteed minimum accumulation on maturity benefits.

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. The GMWB portfolio has been reinsured by a third party.

In Europe, the Company offers UWP products in Germany and unit-linked products with investment guarantees in Ireland. These products are similar to segregated fund products but include minimum credited interest rates and pooling of policyholders' funds.

The Company also offers a GMWB product in the U.S., and Germany, and previously offered a GMWB product in Canada and Ireland. Certain GMWB products offered by the Company offer levels of death and maturity guarantees. At December 31, 2025, the amount of GMWB product in-force in Canada, the U.S., Ireland and Germany was \$7,084 (\$7,538 at December 31, 2024).

The following presents further details of the investments, determined in accordance with the relevant statutory reporting requirements of each region of the Company's operations, on account of segregated fund policyholders:

(a) Investments on Account of Segregated Fund Policyholders

	2025	2024
Cash and cash equivalents	\$ 20,297	\$ 18,895
Bonds	76,080	74,444
Mortgage loans	2,142	2,083
Stocks and units in unit trusts	176,933	154,439
Mutual funds	262,239	232,073
Investment properties	11,050	11,317
	548,741	493,251
Accrued income	986	882
Other liabilities	(5,266)	(3,829)
Non-controlling mutual funds interest	6,708	6,082
Total ^{1, 2}	\$ 551,169	\$ 496,386

¹ At December 31, 2025, \$58,675 of investments on account of segregated fund policyholders are reinsured by the Company on a modified coinsurance basis (\$65,315 at December 31, 2024). Included in this amount are \$598 of cash and cash equivalents, \$9,666 of bonds, \$16 of stocks and units in unit trusts, \$48,364 of mutual funds, \$78 of accrued income and \$(47) of other liabilities.

² At December 31, 2025, \$2,787 of investments on account of segregated fund policyholders on the Company's Consolidated Balance Sheets are expected to be transferred to Countrywide in 2026 (\$2,750 as at December 31, 2024) (note 3). Included in this amount are \$93 of cash and cash equivalents, \$2,718 of stocks and units in unit trusts and \$(24) of other liabilities.

(b) Insurance and Investment Contracts on Account of Segregated Fund Policyholders

	2025	2024
Insurance contracts on account of segregated fund policyholders	\$ 70,418	\$ 66,343
Investment contracts on account of segregated fund policyholders	480,751	430,043
	\$ 551,169	\$ 496,386

(c) Insurance Contracts on Account of Segregated Fund Policyholders - Effect on Measurement Components of Contracts Initially Recognized in the Year

Segregated funds

	2025		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	\$ —	\$ —	\$ —
Claims and other insurance service expenses payable	3,613	49	3,662
Estimates of present value of cash outflows	3,613	49	3,662
Estimates of present value of cash inflows	(3,613)	(49)	(3,662)
Risk adjustment for non-financial risk	—	—	—
Total losses (gains) recognized on initial recognition	\$ —	\$ —	\$ —

Segregated funds

	2024		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	\$ —	\$ —	\$ —
Claims and other insurance service expenses payable	3,938	—	3,938
Estimates of present value of cash outflows	3,938	—	3,938
Estimates of present value of cash inflows	(3,938)	—	(3,938)
Risk adjustment for non-financial risk	—	—	—
Total losses (gains) recognized on initial recognition	\$ —	\$ —	\$ —

(d) Changes in Insurance and Investment Contracts on Account of Segregated Fund Policyholders

	2025	2024
Balance, beginning of year	\$ 496,386	\$ 422,956
Additions (deductions):		
Policyholder deposits	64,200	64,353
Net investment income	10,363	9,653
Net realized capital gains (losses) on investments	22,559	13,113
Net unrealized capital gains (losses) on investments	19,433	30,777
Unrealized gains (losses) due to changes in foreign exchange rates	(153)	21,161
Policyholder withdrawals	(62,276)	(65,662)
Change in segregated fund investment in general fund	18	5
Change in general fund investment in segregated fund	(1)	1
Net transfer from (to) general fund	14	17
Non-controlling mutual funds interest	626	12
Total	54,783	73,430
Balance, end of year	\$ 551,169	\$ 496,386

(e) Investments on Account of Segregated Fund Policyholders by Fair Value Hierarchy Level

	2025			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders¹	\$ 402,281	\$ 139,230	\$ 14,013	\$ 555,524

	2024			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders ¹	\$ 348,889	\$ 136,947	\$ 13,354	\$ 499,190

¹ Excludes other liabilities, net of other assets, of \$4,355.

¹ Excludes other liabilities, net of other assets, of \$2,804.

During 2025, certain foreign stock holdings valued at \$2,779 have been transferred from Level 1 to Level 2 (\$1,624 were transferred from Level 1 to Level 2 at December 31, 2024) primarily based on the Company's change in use of inputs in addition to quoted prices in active markets for certain foreign stock holdings. Level 2 assets include those assets where fair value is not available from normal market pricing sources, where inputs are utilized in addition to quoted prices in active markets and where the Company does not have access to the underlying asset details within an investment fund.

As at December 31, 2025, \$6,315 (\$4,061 at December 31, 2024) of the segregated funds were invested in funds managed by related parties IG Wealth Management and Mackenzie Investments, members of the Power Corporation group of companies (note 28).

The following presents additional information about the Company's investments on account of segregated fund policyholders for which the Company has utilized Level 3 inputs to determine fair value:

	2025	2024
Balance, beginning of year	\$ 13,354	\$ 13,792
Total gains (losses) included in segregated fund investment income	(450)	(758)
Purchases	2,067	1,130
Sales	(1,066)	(872)
Transfers into Level 3	135	97
Transfers out of Level 3	(27)	(35)
Balance, end of year	\$ 14,013	\$ 13,354

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

(f) Other Structured Entities

In addition to the segregated funds, the Company has interests in a number of structured unconsolidated entities including mutual funds, open-ended investment companies, and unit trusts. These entities are created as investment strategies for its unit-holders based on the directive of each individual fund.

Some of these funds are sub-advised by related parties of the Company, who are paid sub-advisory fees at normal market rates for their services.

The Company earns management fees related to managing the segregated fund products. Management fees can be variable due to performance of factors, such as markets or industries, in which the fund invests. Fee income derived in connection with the management of investment funds generally increases or decreases in direct relationship with changes of assets under management which is affected by prevailing market conditions, and the inflow and outflow of client assets.

Factors that could cause assets under management and fees to decrease include declines in equity markets, changes in fixed income markets, changes in interest rates and defaults, redemptions and other withdrawals, political and other economic risks, changing investment trends and relative investment performance. The risk is that fees may vary but expenses and recovery of initial expenses are relatively fixed, and market conditions may cause a shift in asset mix potentially resulting in a change in revenue.

During 2025, fee and other income earned by the Company resulting from the Company's interests in segregated funds and other structured entities was \$5,115 (\$4,820 during 2024).

Included within other assets (note 11) at December 31, 2025 is \$3,832 (\$3,540 at December 31, 2024) of investments by the Company in bonds and stocks of consolidated Empower CLOs and other sponsored funds and \$163 (\$161 at December 31, 2024) of investments in stocks of sponsored unit trusts in Europe.

18. Debentures and Other Debt Instruments

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Short-term				
Commercial paper and other short-term debt instruments with interest rates 3.921% to 4.204% (4.930% at December 31, 2024), unsecured	\$ 273	\$ 273	\$ 144	\$ 144
Total short-term	273	273	144	144
Long-term				
Operating:				
Mortgage on investment property, due January 1, 2029 (U.S. \$39) with interest of 4.51%	51	51	54	54
Capital:				
Lifeco				
6.74% Debentures due November 24, 2031, unsecured	197	230	197	231
6.67% Debentures due March 21, 2033, unsecured	397	465	396	467
5.998% Debentures due November 16, 2039, unsecured	343	385	343	396
4.70% Senior bonds due November 16, 2029, unsecured, (€500) ¹	802	855	742	806
3.337% Debentures due February 28, 2028, unsecured	499	503	499	498
2.981% Debentures due July 8, 2050, unsecured	494	363	494	378
2.379% Debentures due May 14, 2030, unsecured	598	581	598	563
1.75% Senior bonds due December 7, 2026, unsecured, (€500) ¹	805	796	743	731
	4,135	4,178	4,012	4,070
Canada Life				
6.40% Subordinated debentures due December 11, 2028, unsecured	100	109	100	110
Canada Life Capital Trust (CLCT)				
7.529% due June 30, 2052, unsecured, face value \$150	154	177	155	179
Great-West Lifeco Finance 2018, LP				
4.581% Senior notes due May 17, 2048, unsecured, (U.S. \$500)	679	591	714	603
4.047% Senior notes due May 17, 2028, unsecured, (U.S. \$300)	411	411	431	417
	1,090	1,002	1,145	1,020
Great-West Lifeco Finance (Delaware) LP				
4.15% Senior notes due June 3, 2047, unsecured, (U.S. \$700)	946	777	993	797
Great-West Lifeco U.S. Finance 2020, LP				
0.904% Senior notes due August 12, 2025, unsecured, (U.S. \$500)	—	—	719	703
Empower Finance 2020, LP				
3.075% Senior notes due September 17, 2051, unsecured, (U.S. \$700)	950	618	998	633
1.776% Senior notes due March 17, 2031, unsecured, (U.S. \$400)	546	488	574	471
1.357% Senior notes due September 17, 2027, unsecured, (U.S. \$400)	547	525	575	523
	2,043	1,631	2,147	1,627
Total long-term	8,519	7,925	9,325	8,560
Total	\$ 8,792	\$ 8,198	\$ 9,469	\$ 8,704

¹ Designated as hedges of the net investment in foreign operations.

On August 12, 2025, Great-West Lifeco U.S. Finance 2020, LP, a subsidiary of the Company, repaid the principal amount of its maturing 0.904% U.S. \$500 senior notes, together with accrued interest.

Capital Trust Securities

CLCT, a trust established by Canada Life, had issued \$150 of Canada Life Capital Securities - Series B (CLiCS - Series B), the proceeds of which were used by CLCT to purchase Canada Life senior debentures in the amount of \$150.

Distributions and interest on the capital trust securities are classified as financing costs in the Consolidated Statements of Earnings (note 19). The fair value for capital trust securities is determined by the bid-ask price. Refer to note 7 for risk management.

Subject to regulatory approval, CLCT may redeem the CLiCS - Series B, in whole or in part, at any time.

19. Financing Costs

Financing costs consist of the following:

	2025	2024
Operating charges:		
Interest on operating lines and short-term debt instruments	\$ 9	\$ 9
Financial charges:		
Interest on long-term debentures and other debt instruments	307	302
Interest on limited recourse capital notes ¹	27	54
Interest on capital trust securities	11	11
Other	25	26
	370	393
Total	\$ 379	\$ 402

¹ Beginning in the third quarter of 2025, interest on limited recourse capital note is recognized as a deduction to equity when incurred.

20. Other Liabilities

	2025	2024
Pension and other post-employment benefits (note 26)	\$ 473	\$ 497
Lease liabilities	344	380
Bank overdraft	375	379
Deferred income reserves	284	264
Collateralized loan obligation liabilities	3,904	3,791
Other	5,051	4,919
Total	\$ 10,431	\$ 10,230

Total other liabilities of \$5,426 (\$5,298 at December 31, 2024) are expected to be derecognized within 12 months from the reporting date. This amount excludes deferred income reserves, the changes in which are noted below.

Deferred Income Reserves

	2025	2024
Balance, beginning of year	\$ 264	\$ 256
Additions	78	63
Amortization	(57)	(53)
Changes in foreign exchange	13	12
Disposals	(14)	(14)
Balance, end of year	\$ 284	\$ 264

21. Non-Controlling Interests

The Company has a controlling equity interest in Canada Life and Empower at December 31, 2025 and December 31, 2024.

Non-controlling interests attributable to participating account surplus is the proportion of the equity attributable to the participating account of the Company's subsidiaries.

Non-controlling interests in subsidiaries also include non-controlling interests for the issued and outstanding shares of PanAgora Asset Management (PanAgora) held by employees.

(a) Non-Controlling Interests Recorded in the Consolidated Statements of Earnings and Other Comprehensive Income

	2025	2024
Net earnings attributable to participating account		
Canada Life	\$ 42	\$ 107
Empower	(1)	(1)
Net earnings (loss) - participating account	41	106
Non-controlling interests in subsidiaries	—	(3)
Total	\$ 41	\$ 103

The Company paid \$2,106 of participating policyholder dividends for the year ended December 31, 2025 (\$1,901 for the year ended December 31, 2024).

The non-controlling interests recorded in other comprehensive income (loss) for the year ended December 31, 2025 was \$(6) (\$94 for the year ended December 31, 2024).

(b) Carrying Value of Non-Controlling Interests

	2025	2024
Participating account surplus in subsidiaries:		
Canada Life	\$ 3,082	\$ 3,043
Empower	(3)	(2)
Total	\$ 3,079	\$ 3,041
Non-controlling interests in subsidiaries	\$ 67	\$ 72

22. Share Capital**(a) Limited Recourse Capital Notes**

Limited recourse capital notes	Earliest redemption date	Interest rate	2025		2024	
			Carrying value	Fair value	Carrying value	Fair value
Series 1	November 30, 2026	3.60 %	\$ 1,500	\$ 1,419	\$ 1,500	\$ 1,346

On August 16, 2021, the Company issued \$1,500 aggregate principal amount 3.60% Limited Recourse Capital Notes Series 1 (Subordinated Indebtedness) at par, maturing on December 31, 2081 (LRCN Series 1). The LRCN Series 1 bear interest at a fixed rate of 3.60% per annum payable semi-annually, up to but excluding December 31, 2026. On December 31, 2026 and every five years thereafter until and including December 31, 2076, the interest rate on the LRCN Series 1 will be reset at an interest rate equal to the five-year Government of Canada Yield, plus 2.641%. Commencing November 30, 2026, the Company will have the option to redeem the LRCN Series 1 every five years during the period from November 30 to December 31, in whole or in part at par, together in each case with accrued and unpaid interest.

Non-payment of interest or principal when due on the LRCN Series 1 will result in a recourse event, with the noteholders' sole remedy being receipt of their proportionate share of Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series U (Series U Preferred Shares) held in a newly formed consolidated trust (Limited Recourse Trust). All claims of the holders of LRCN Series 1 against the Company will be extinguished upon receipt of the corresponding trust assets. The Series U Preferred Shares are eliminated on the Company's Consolidated Balance Sheets while being held within the Limited Recourse Trust.

(b) Preferred and Common Shares

Authorized

Unlimited First Preferred Shares, Class A Preferred Shares and Second Preferred Shares

Unlimited Common Shares

Issued and outstanding and fully paid

	2025		2024	
	Number	Carrying value	Number	Carrying value
First Preferred Shares				
Series G, 5.20% Non-Cumulative	12,000,000	\$ 300	12,000,000	\$ 300
Series H, 4.85% Non-Cumulative	12,000,000	300	12,000,000	300
Series I, 4.50% Non-Cumulative	12,000,000	300	12,000,000	300
Series L, 5.65% Non-Cumulative	6,800,000	170	6,800,000	170
Series M, 5.80% Non-Cumulative	6,000,000	150	6,000,000	150
Series N, 1.749% Non-Cumulative Rate Reset	10,000,000	250	10,000,000	250
Series P, 5.40% Non-Cumulative	10,000,000	250	10,000,000	250
Series Q, 5.15% Non-Cumulative	8,000,000	200	8,000,000	200
Series R, 4.80% Non-Cumulative	8,000,000	200	8,000,000	200
Series S, 5.25% Non-Cumulative	8,000,000	200	8,000,000	200
Series T, 5.15% Non-Cumulative	8,000,000	200	8,000,000	200
Series Y, 4.50% Non-Cumulative	8,000,000	200	8,000,000	200
Series Z, 5.70% Non-Cumulative	8,000,000	200	—	—
Total	116,800,000	\$ 2,920	108,800,000	\$ 2,720
Common shares				
Balance, beginning of year	932,107,643	\$ 6,071	932,427,987	\$ 6,000
Shares exercised and issued under share-based payment plans	2,662,377	99	2,379,656	88
Shares purchased and cancelled under normal course issuer bid	(28,438,145)	(1,625)	(2,700,000)	(114)
Excess of redemption proceeds over stated capital per normal course issuer bid	—	1,438	—	97
Balance, end of year	906,331,875	\$ 5,983	932,107,643	\$ 6,071

The Series G, 5.20% Non-Cumulative First Preferred Shares are currently redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series H, 4.85% Non-Cumulative First Preferred Shares are currently redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series I, 4.50% Non-Cumulative First Preferred Shares are currently redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series L, 5.65% Non-Cumulative First Preferred Shares are currently redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series M, 5.80% Non-Cumulative First Preferred Shares are currently redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series P, 5.40% Non-Cumulative First Preferred Shares are currently redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series Q, 5.15% Non-Cumulative First Preferred Shares are currently redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series R, 4.80% Non-Cumulative First Preferred Shares are currently redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series S, 5.25% Non-Cumulative First Preferred Shares are redeemable at the option of the Company for \$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series T, 5.15% Non-Cumulative First Preferred Shares are redeemable at the option of the Company for \$25.00 per share plus a premium if redeemed prior to June 30, 2026, together with all declared and unpaid dividends up to but excluding the date of redemption.

The Series Y, 4.50% Non-Cumulative First Preferred Shares are redeemable at the option of the Company on or after December 31, 2026 for \$25.00 per share plus a premium if redeemed prior to December 31, 2030, together with all declared and unpaid dividends up to but excluding the date of redemption.

Series Z, 5.70% Non-Cumulative First Preferred Shares

On September 24, 2025, the Company issued 8,000,000, 5.70% Non-Cumulative First Preferred Shares, Series Z at \$25.00 per share for gross proceeds of \$200. The shares are redeemable at the option of the Company on or after September 30, 2030 for \$25.00 plus a premium if redeemed prior to September 30, 2034, in each case together with all declared and unpaid dividends up to but excluding the date of redemption. Transaction costs incurred in connection with the preferred share issue of \$5 (\$4 after-tax) were charged to accumulated surplus.

Series N, Non-Cumulative 5-Year Rate Reset First Preferred Shares

On November 13, 2025, the Company announced that it did not intend to exercise its rights to redeem the 10,000,000 then outstanding Series N, Non-Cumulative 5-Year Rate Reset First Preferred Shares (Series N Shares). As a result and subject to certain conditions set out in the terms and conditions attached to the shares, holders of Series N Shares had the right to convert all or any of their Series N Shares into Series O, Non-Cumulative Floating Rate First Preferred Shares (Series O Shares) on a one-for-one basis on December 31, 2025.

On December 17, 2025, the Company announced that holders of 6,425 Series N Shares elected to convert their shares into Series O Shares. After taking into account all shares tendered for conversion, there would be less than 1,000,000 Series O Shares outstanding on December 31, 2025. As a result and in accordance with the terms and conditions of the shares, no Series N Shares were converted into Series O Shares. The Series N Shares carry an annual fixed non-cumulative dividend rate of 4.090% up to but excluding December 31, 2030 (1.749% up to but excluding December 31, 2025) and are redeemable at the option of the Company on December 31, 2030 and on December 31 every five years thereafter for \$25.00 per share plus all declared and unpaid dividends up to but excluding the date of redemption.

Normal Course Issuer Bid

On January 2, 2025, the Company announced the renewal of its normal course issuer bid (NCIB) for the period commencing January 6, 2025 and ending January 5, 2026 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices. On September 3, 2025, the Company announced an amendment to its 2025 NCIB to increase the maximum number of common shares that may be repurchased to 40,000,000. In addition, the Toronto Stock Exchange approved an amendment that permitted the Company to purchase its shares from Power Financial Corporation and certain of its wholly-owned subsidiaries (collectively, PFC) in connection with the 2025 NCIB, in order for PFC to approximately maintain its proportionate percentage ownership in the Company. The NCIB amendments became effective on September 5, 2025.

During the year ended December 31, 2025, the Company repurchased and subsequently cancelled 28,438,145 common shares under the 2025 NCIB at a cost of \$1,625 (2,700,000 common shares at a cost of \$114 for the year ended December 31, 2024, under the previous NCIB). The Company's share capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value, including associated taxes and other related fees, was \$1,466 and was recognized as a reduction to accumulated surplus for the year ended December 31, 2025 (\$97 for the year ended December 31, 2024, under the previous NCIB).

On January 2, 2026, the Company announced the renewal of its NCIB commencing January 6, 2026 and terminating January 5, 2027 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices. The renewed NCIB continues to permit the Company to purchase its shares from PFC in order for PFC to approximately maintain its proportionate percentage ownership in the Company.

23. Earnings Per Common Share

The following provides the reconciliation between basic and diluted earnings per common share:

	2025	2024
Earnings		
Net earnings from continuing operations before preferred share dividends and other equity distributions	\$ 4,120	\$ 4,141
Preferred share dividends and other equity distributions	(160)	(130)
Net earnings from continuing operations	3,960	4,011
Net loss from discontinued operations	—	(115)
Net gain from disposal of discontinued operations	—	44
Net earnings - common shareholders	\$ 3,960	\$ 3,940
Number of common shares		
Average number of common shares outstanding	924,036,871	932,083,891
Add: Potential exercise of outstanding stock options	4,731,435	3,036,627
Average number of common shares outstanding - diluted basis	928,768,306	935,120,518
Basic earnings per common share	\$ 4.29	\$ 4.23
Diluted earnings per common share	\$ 4.26	\$ 4.21
Basic earnings per common share from continuing operations	\$ 4.29	\$ 4.30
Diluted earnings per common share from continuing operations	\$ 4.26	\$ 4.29
Dividends per common share	\$ 2.440	\$ 2.220

24. Capital Management

(a) Policies and Objectives

Managing capital is the continual process of establishing and maintaining the quantity and quality of capital appropriate for the Company and ensuring capital is deployed in a manner consistent with the expectations of the Company's stakeholders. For these purposes, the Board considers the key stakeholders to be the Company's shareholders, policyholders and holders of subordinated liabilities in addition to the relevant regulators in the various jurisdictions where the Company and its subsidiaries operate.

The Company manages its capital on both a consolidated basis as well as at the individual operating subsidiary level. The primary objectives of the Company's capital management strategy are:

- 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;
- To maintain strong credit and financial strength ratings of the Company ensuring stable access to capital markets; and
- To provide an efficient capital structure to maximize shareholders' value in the context of the Company's operational risks and strategic plans.

The target level of capitalization for the Company and its subsidiaries is assessed by considering various factors such as the probability of falling below the minimum regulatory capital requirements in the relevant operating jurisdiction, the views expressed by various credit rating agencies that provide financial strength and other ratings to the Company, and the desire to hold sufficient capital to be able to honour all policyholder and other obligations of the Company with a high degree of confidence.

Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan. The capital planning process is the responsibility of the Company's Chief Financial Officer. The capital plan is approved by the Company's Board of Directors on an annual basis. The Board of Directors reviews and approves all material capital transactions undertaken by management.

(b) Regulatory Capital

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries.

The Life Insurance Capital Adequacy Test (LICAT) Ratio compares the regulatory capital resources of a company to its required capital, defined by OSFI, as the aggregate of all defined capital requirements. The total capital resources are provided by the sum of Available Capital, Surplus Allowance and Eligible Deposits.

The following provides a summary of the LICAT information and ratio for Canada Life:

	2025	2024
Tier 1 Capital	\$ 21,061	\$ 20,142
Tier 2 Capital	7,667	5,253
Total Available Capital	28,728	25,395
Surplus Allowance and Eligible Deposits	5,155	5,130
Total Capital Resources	\$ 33,883	\$ 30,525
Required Capital	\$ 26,541	\$ 23,516
Total LICAT Ratio (OSFI Supervisory Target = 100%) ¹	128 %	130 %

¹ Total Ratio (%) = (Total Capital Resources / Required Capital)

For entities based in Europe, the local solvency capital regime is the Solvency II/UK basis. At December 31, 2025 and December 31, 2024, all European regulated entities met the capital and solvency requirements as prescribed under Solvency II/UK.

Empower is subject to the risk-based capital regulatory regime in the U.S. Other foreign operations and foreign subsidiaries of the Company are required to comply with local capital or solvency requirements in their respective jurisdictions. At December 31, 2025 and December 31, 2024, the Company maintained capital levels above the minimum local regulatory requirements in each of its foreign operations.

25. Share-Based Payments

(a) Stock Option Plan

The Company has a stock option plan (the Plan) pursuant to which options to subscribe for common shares of Lifeco may be granted to certain officers and employees of Lifeco and its affiliates. The Company's Human Resources Committee (the Committee) administers the Plan and, subject to the specific provisions of the Plan, fixes the terms and conditions upon which options are granted. The exercise price of each option granted under the Plan is fixed by the Committee, but cannot under any circumstances be less than the weighted average trading price per Lifeco common share on the Toronto Stock Exchange for the five trading days preceding the date of the grant. Options granted prior to January 1, 2019 vested over a period of five years. Options granted on or after January 1, 2019 vest 50% three years after the grant date and 50% four years after the grant date. Options have a maximum exercise period of ten years from the grant date. Termination of employment may, in certain circumstances, result in forfeiture of the options, unless otherwise determined by the Committee. In 2025, the maximum number of Lifeco common shares issuable under the Plan was 81,000,000 (72,500,000 in 2024).

During 2025, 2,380,098 common share options were granted (2,673,400 during 2024). The weighted average fair value of common share options granted during 2025 was \$7.32 per option (\$5.43 in 2024). The fair value of each common share option was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions used for those options granted in 2025: dividend yield 4.59% (5.26% in 2024), expected volatility 19.84% (19.08% in 2024), risk-free interest rate 2.85% (3.43% in 2024), and expected life of eight years (eight years in 2024).

The following summarizes the changes in options outstanding and the weighted average exercise price:

	2025		2024	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of year	15,591,082	\$ 36.03	15,564,488	\$ 34.63
Granted	2,380,098	53.17	2,673,400	42.24
Exercised	(2,662,377)	34.16	(2,379,656)	33.83
Forfeited/expired	(545,400)	38.22	(267,150)	36.27
Outstanding, end of year	14,763,403	\$ 39.05	15,591,082	\$ 36.03
Options exercisable at end of year	6,202,955	\$ 33.35	6,987,132	\$ 32.99

The weighted average share price at the date of exercise of stock options for the year ended December 31, 2025 was \$56.74 (\$45.37 in 2024).

Compensation expense due to the Plan transactions accounted for as equity-settled share-based payments of \$12 after-tax in 2025 (\$12 after-tax in 2024) has been recognized in the Consolidated Statements of Earnings.

The following summarizes information on the ranges of exercise prices including weighted average remaining contractual life at December 31, 2025:

Exercise price ranges	Outstanding			Exercisable		
	Options	Weighted average remaining contractual life	Weighted average exercise price	Options	Weighted average exercise price	Expiry
\$32.10 - \$35.17	208,271	0.19	\$ 34.55	208,271	\$ 34.55	2026
\$30.28 - \$36.87	512,900	1.24	\$ 36.01	512,900	\$ 36.01	2027
\$30.28 - \$34.21	615,850	2.21	\$ 33.87	615,850	\$ 33.87	2028
\$30.28 - \$32.50	1,573,700	3.20	\$ 30.86	1,573,700	\$ 30.86	2029
\$32.10 - \$32.22	953,800	4.16	\$ 32.22	953,800	\$ 32.22	2030
\$32.10 - \$37.02	1,438,150	5.16	\$ 32.15	1,438,150	\$ 32.15	2031
\$31.59 - \$38.71	1,925,134	6.16	\$ 38.68	900,284	\$ 38.64	2032
\$36.69 - \$38.87	2,649,100	7.16	\$ 36.83	—	\$ —	2033
\$42.22 - \$42.87	2,506,400	8.16	\$ 42.25	—	\$ —	2034
\$51.51 - \$55.17	2,380,098	9.21	\$ 53.17	—	\$ —	2035

(b) Deferred Share Unit Plans

The Company and certain of its subsidiaries have Deferred Share Units (DSUs) in which the Directors and certain employees of the Company are entitled to participate. The qualified Directors must receive part of their annual Board retainer in DSUs. The Directors can choose the remainder compensations to be paid in a combination of cash and DSUs. The qualified employees may elect to receive DSUs as settlement of their annual incentive plan or PSU plan. All participants receive additional DSUs for dividends payable on the Company's common shares based on the value of a DSU at the dividend payment date. DSUs are redeemable when an individual ceases to be a Director, or as applicable, an officer, or employee of the Company or any of its affiliates by a lump sum cash payment, based on the weighted average trading price per Lifeco common share on the TSX for the last five trading days preceding the date of redemption. In 2025, the Company recognized compensation expense of \$27 (\$20 in 2024) for the DSU Plan recorded in operating and administrative expenses in the Consolidated Statements of Earnings. At December 31, 2025, the carrying value of the DSU liability is \$247 (\$190 in 2024) recorded within other liabilities.

(c) Performance Share Unit Plan

Certain employees of the Company are entitled to receive Performance Share Units (PSUs). Under the PSU Plan, these employees are granted PSUs equivalent to the Company's common shares vesting over a three-year period. Employees receive additional PSUs in respect of dividends payable on the common shares based on the value of a PSU at that time. At the maturity date, employees receive cash representing the value of the PSU at this date. The Company uses the fair-value based method to account for the PSUs granted to employees under the plan. For the year ended December 31, 2025, the Company recognized compensation expense, excluding the impact of hedging, of \$360 (\$179 in 2024) for the PSU Plan recorded in operating and administrative expenses in the Consolidated Statements of Earnings. At December 31, 2025, the carrying value of the PSU liability is \$571 (\$324 in 2024) recorded within other liabilities.

(d) Employee Share Ownership Plan

The Company's Employee Share Ownership Plan (ESOP) is a voluntary plan where eligible employees can contribute up to 5% of their previous year's eligible earnings to purchase common shares of Lifeco. The Company matches 50% of the total employee contributions. The contributions from the Company vest immediately and are expensed. For the year ended December 31, 2025, the Company recognized compensation expense of \$15 (\$14 in 2024) for the ESOP recorded in operating and administrative expenses in the Consolidated Statements of Earnings.

(e) PanAgora Management Equity Plan

Certain employees of PanAgora, a subsidiary of Empower, are eligible to participate in the PanAgora Management Equity Plan under which Class C Shares of PanAgora and options and stock appreciation rights on Class C Shares of PanAgora may be issued. Holders of PanAgora Class C Shares are not entitled to vote and have no rights to convert their shares into any other securities. The number of PanAgora Class C Shares may not exceed 20% of the equity of PanAgora on a fully exercised and converted basis.

Compensation expense recorded for the year ended December 31, 2025 related to restricted Class C Shares and stock appreciation rights was \$11 (\$14 in 2024) and is included as a component of operating and administrative expenses in the Consolidated Statements of Earnings.

26. Pension Plans and Other Post-Employment Benefits

Characteristics, Funding and Risk

The Company's subsidiaries maintain contributory and non-contributory defined benefit pension plans for eligible employees and advisors. The Company's subsidiaries also maintain defined contribution pension plans for eligible employees and advisors.

The defined benefit pension plans provide pensions based on length of service and final average pay; however, these plans are closed to new entrants. Many of the defined benefit pension plans also no longer provide future defined benefit accruals. The Company's defined benefit plan exposure is expected to reduce in future years. Where defined benefit pension accruals continue, active plan participants share in the cost by making contributions in respect of current service. Certain pension payments are indexed either on 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 trustee 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 pension benefits. The defined contribution pension plans provide pension benefits based on accumulated employee and employer contributions. Employer contributions to these plans are a set percentage of employees' annual income and may be subject to certain vesting requirements.

The Company's subsidiaries also provide post-employment health, dental and life insurance benefits to eligible employees, advisors and their dependents. Retirees share in the cost of benefits through deductibles, co-insurance and caps on benefits. These plans are closed to new hires and were previously amended to limit which employees could become eligible to receive benefits. The amount of some of the post-employment benefits other than pensions depends on future cost escalation. These post-employment benefits are not pre-funded and the amount of the obligation for these benefits is included in other liabilities and is supported by general assets.

The Company's subsidiaries have pension and benefit committees or a trustee arrangement that provides oversight for the benefit plans. The benefit plans are monitored on an ongoing basis to assess the benefit, funding and investment policies, financial status, and funding requirements. Significant changes to a subsidiary company's benefit plans require approval from that company's Board of Directors.

The funding policies of the Company's subsidiaries for the funded pension plans require annual contributions equal to or greater than those required by the applicable regulations and plan provisions that govern the funding of the plans. Where funded plans have a net defined benefit pension plan asset, the Company determines if an economic benefit exists in the form of potential reductions in future contributions by the Company, from the payment of expenses from the plan and in the form of surplus refunds, where permitted by applicable regulation and plan provisions.

By their design, the defined benefit plans expose the Company to the typical risks faced by defined benefit plans such as investment performance, changes to the discount rates used to value the obligations, longevity of plan members, and future inflation. Pension and benefit risk is managed by regular monitoring of the plans, applicable regulations and other factors that could impact the expenses and cash flows of the Company.

The following reflects the financial position of the contributory and non-contributory defined benefit plans of the Company's subsidiaries:

(a) Plan Assets, Benefit Obligation and Funded Status

	Defined benefit pension plans		Other post-employment benefits	
	2025	2024	2025	2024
Change in fair value of plan assets				
Fair value of plan assets, beginning of year	\$ 6,645	\$ 6,517	\$ —	\$ —
Interest income	297	280	—	—
Actual return over (less than) interest income	(102)	88	—	—
Employer contributions	(21)	(8)	19	21
Employee contributions	21	22	—	—
Benefits paid	(345)	(304)	(19)	(21)
Settlements	(2)	(56)	—	—
Administrative expenses	(6)	(8)	—	—
Net transfer in	—	1	—	—
Foreign exchange rate changes	135	113	—	—
Fair value of plan assets, end of year	\$ 6,622	\$ 6,645	\$ —	\$ —
Change in defined benefit obligation				
Defined benefit obligation, beginning of year	\$ 6,245	\$ 6,275	\$ 253	\$ 256
Current service cost	42	44	2	2
Interest cost	280	272	11	12
Employee contributions	21	22	—	—
Benefits paid	(345)	(304)	(19)	(21)
Curtailments and termination benefits	(4)	—	—	—
Settlements	(2)	(58)	—	—
Actuarial loss (gain) on financial assumption changes	(378)	(159)	(1)	—
Actuarial loss (gain) on demographic assumption changes	94	1	9	—
Actuarial loss (gain) arising from member experience	(2)	42	(4)	3
Foreign exchange rate changes	123	110	(1)	1
Defined benefit obligation, end of year	\$ 6,074	\$ 6,245	\$ 250	\$ 253
Asset (liability) recognized on the Consolidated Balance Sheets				
Funded status of plans - surplus (deficit)	\$ 548	\$ 400	\$ (250)	\$ (253)
Unrecognized amount due to asset ceiling	(182)	(151)	—	—
Asset (liability) recognized on the Consolidated Balance Sheets	\$ 366	\$ 249	\$ (250)	\$ (253)
Recorded in:				
Other assets (note 11)	\$ 589	\$ 493	\$ —	\$ —
Other liabilities (note 20)	(223)	(244)	(250)	(253)
Asset (liability) recognized on the Consolidated Balance Sheets	\$ 366	\$ 249	\$ (250)	\$ (253)
Analysis of defined benefit obligation				
Wholly or partly funded plans	\$ 5,839	\$ 6,008	\$ —	\$ —
Wholly unfunded plans	\$ 235	\$ 237	\$ 250	\$ 253

Under IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, the Company must assess whether each pension plan's asset has economic benefit to the Company through future contribution reductions, from the payment of expenses from the plan, or surplus refunds; in the event the Company is not entitled to a benefit, a limit or 'asset ceiling' is required on the balance. The following provides a breakdown of the changes in the asset ceiling:

	Defined benefit pension plans	
	2025	2024
Change in asset ceiling		
Asset ceiling, beginning of year	\$ 151	\$ 202
Interest on asset ceiling	6	8
Change in asset ceiling	16	(63)
Foreign exchange rate changes	9	4
Asset ceiling, end of year	<u>\$ 182</u>	<u>\$ 151</u>

(b) Pension and Other Post-Employment Benefits Expense

The total pension and other post-employment benefit expense included in operating expenses and other comprehensive income are as follows:

	All pension plans		Other post-employment benefits	
	2025	2024	2025	2024
Defined benefit current service cost	\$ 63	\$ 66	\$ 2	\$ 2
Defined contribution current service cost	260	232	—	—
Employee contributions	(21)	(22)	—	—
Employer current service cost	302	276	2	2
Administrative expense	6	8	—	—
Curtailments	(4)	—	—	—
Settlements	—	(2)	—	—
Net interest cost	(11)	—	11	12
Expense - profit or loss	<u>293</u>	<u>282</u>	<u>13</u>	<u>14</u>
Actuarial (gain) loss recognized	(286)	(116)	4	3
Return on assets (greater) less than assumed	101	(88)	—	—
Change in the asset ceiling	16	(63)	—	—
Re-measurements - other comprehensive (income) loss	<u>(169)</u>	<u>(267)</u>	<u>4</u>	<u>3</u>
Total (income) expense including re-measurements	<u>\$ 124</u>	<u>\$ 15</u>	<u>\$ 17</u>	<u>\$ 17</u>

(c) Asset Allocation by Major Category Weighted by Plan Assets

	Defined benefit pension plans	
	2025	2024
Equity securities	35%	37%
Debt securities	56%	54%
Real estate	5%	6%
Cash and cash equivalents	4%	3%
Total	<u>100%</u>	<u>100%</u>

No plan assets are directly invested in the Company's or related parties' securities. Plan assets include investments in segregated funds and other funds managed by subsidiaries of the Company of \$5,972 at December 31, 2025 and \$5,971 at December 31, 2024, of which \$5,972 (\$5,970 at December 31, 2024) are included on the Consolidated Balance Sheets. Plan assets do not include any property occupied or other assets used by the Company.

(d) Details of Defined Benefit Obligation**(i) Portion of Defined Benefit Obligation Subject to Future Salary Increases**

	Defined benefit pension plans		Other post-employment benefits	
	2025	2024	2025	2024
Benefit obligation without future salary increases	\$ 5,694	\$ 5,799	\$ 250	\$ 253
Effect of assumed future salary increases	380	446	—	—
Defined benefit obligation	\$ 6,074	\$ 6,245	\$ 250	\$ 253

The other post-employment benefits are not subject to future salary increases.

(ii) Portion of Defined Benefit Obligation Without Future Pension Increases

	Defined benefit pension plans		Other post-employment benefits	
	2025	2024	2025	2024
Benefit obligation without future pension increases	\$ 5,490	\$ 5,585	\$ 250	\$ 253
Effect of assumed future pension increases	584	660	—	—
Defined benefit obligation	\$ 6,074	\$ 6,245	\$ 250	\$ 253

The other post-employment benefits are not subject to future pension increases.

(iii) Maturity Profile of Plan Membership

	Defined benefit pension plans		Other post-employment benefits	
	2025	2024	2025	2024
Actives	33 %	35 %	11 %	14 %
Deferred vesteds	16 %	16 %	n/a	n/a
Retirees	51 %	49 %	89 %	86 %
Total	100 %	100 %	100 %	100 %
Weighted average duration of defined benefit obligation	13.9 years	14.8 years	9.3 years	9.9 years

(e) Cash Flow Information

	Pension plans	Other post-employment benefits	Total
Expected employer contributions for 2026:			
Funded (wholly or partly) defined benefit plans	\$ (39)	\$ —	\$ (39)
Unfunded plans	17	19	36
Defined contribution plans	267	—	267
Total	\$ 245	\$ 19	\$ 264

(f) Actuarial Assumptions and Sensitivities**(i) Actuarial Assumptions**

	Defined benefit pension plans		Other post-employment benefits	
	2025	2024	2025	2024
To determine benefit cost:				
Discount rate - past service liabilities	4.5 %	4.4 %	4.7 %	4.7 %
Discount rate - future service liabilities	4.8 %	4.6 %	5.7 %	5.0 %
Rate of compensation increase	3.4 %	3.4 %	—	—
Future pension increases ¹	2.0 %	2.1 %	—	—
To determine defined benefit obligation:				
Discount rate - past service liabilities	4.9 %	4.5 %	4.8 %	4.7 %
Rate of compensation increase	3.3 %	3.4 %	—	—
Future pension increases ¹	2.0 %	2.0 %	—	—
Medical cost trend rates:				
Initial medical cost trend rate			4.7 %	4.7 %
Ultimate medical cost trend rate			4.1 %	4.1 %
Year ultimate trend rate is reached			2039	2039

¹ Represents the weighted average of plans subject to future pension increases.

(ii) Sample Life Expectancies Based on Mortality Assumptions

	Defined benefit pension plans		Other post-employment benefits	
	2025	2024	2025	2024
Sample life expectancies based on mortality assumption:				
Male				
Age 65 in fiscal year	23.4	22.9	23.5	22.8
Age 65 for those age 35 in the fiscal year	25.6	24.8	25.6	24.2
Female				
Age 65 in fiscal year	25.7	25.0	26.0	25.0
Age 65 for those age 35 in the fiscal year	27.8	26.9	27.9	26.5

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 practice. Emerging plan experience is reviewed and considered in establishing the best estimate for future mortality.

The calculation of the defined benefit obligation is sensitive to the mortality assumptions. The effect of a one-year increase in life expectancy would be an increase in the defined benefit obligation of \$172 for the defined benefit pension plans and \$7 for other post-employment benefits (\$174 and \$6 in 2024, respectively).

(iii) Impact of Changes to Assumptions on Defined Benefit Obligation

	1% increase		1% decrease	
	2025	2024	2025	2024
Defined benefit pension plans:				
Impact of a change to the discount rate	\$ (720)	\$ (787)	\$ 899	\$ 997
Impact of a change to the rate of compensation increase	145	170	(133)	(154)
Impact of a change to the rate of inflation	335	344	(296)	(304)
Other post-employment benefits:				
Impact of a change to assumed medical cost trend rates	13	15	(12)	(13)
Impact of a change to the discount rate	(20)	(22)	24	26

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.

27. Accumulated Other Comprehensive Income

	2025				2024			
	Balance, beginning of year	Other comprehensive income (loss)	Income tax	Balance, end of year	Balance, beginning of year	Other comprehensive income (loss)	Income tax	Balance, end of year
Unrealized foreign exchange gains (losses) on translation of foreign operations	\$ 2,756	\$ (208)	\$ —	\$ 2,548	\$ 1,343	\$ 1,413	\$ —	\$ 2,756
Foreign exchange translation gains reclassified to earnings on disposal of foreign operations	(211)	—	—	(211)	—	(211)	—	(211)
Unrealized gains (losses) on hedges of the net investment in foreign operations	(116)	(243)	(1)	(360)	16	(172)	40	(116)
Unrealized gains (losses) on bonds and mortgages at FVOCI	(258)	122	(18)	(154)	(383)	160	(35)	(258)
Unrealized gains (losses) on cash flow hedges	30	46	(13)	63	28	3	(1)	30
Unrealized gains (losses) on stocks at FVOCI	(409)	155	—	(254)	—	(409)	—	(409)
Re-measurements on defined benefit pension and other post-employment benefit plans	13	165	(45)	133	(179)	264	(72)	13
Revaluation surplus on transfer to investment properties	10	—	—	10	10	—	—	10
Total	1,815	37	(77)	1,775	835	1,048	(68)	1,815
Non-controlling interests	(39)	8	(2)	(33)	55	(130)	36	(39)
Shareholders	\$ 1,776	\$ 45	\$ (79)	\$ 1,742	\$ 890	\$ 918	\$ (32)	\$ 1,776

28. Related Party Transactions

Power Corporation, which is incorporated and domiciled in Canada, is the Company's parent and has voting control of the Company. The Company is related to other members of the Power Corporation group of companies including IGM, a company in the financial services sector along with its subsidiaries IG Wealth Management and Mackenzie Financial; and Groupe Bruxelles Lambert, a holding company based in Europe with substantial holdings in global industrial and services companies.

(a) Principal Subsidiaries

The consolidated financial statements of the Company include the operations of the following subsidiaries and their subsidiaries:

Company	Incorporated in	Primary business operation	% Held
The Canada Life Assurance Company	Canada	Insurance and wealth management	100.00%
Empower Annuity Insurance Company of America	United States	Financial services	100.00%

(b) Transactions With Related Parties Included in the Consolidated Financial Statements

In the normal course of business, subsidiaries of Lifeco enter into various transactions with related companies which include providing insurance benefits and sub-advisory services to other companies within the Power Corporation group of companies. In all cases, transactions were at market terms and conditions.

During the year, Canada Life provided to and received from IGM and its subsidiaries, a member of the Power Corporation group of companies, certain administrative services. Canada Life also provided life insurance, annuity and disability insurance products under a distribution agreement with IGM. All transactions were provided at market terms and conditions.

The Company owns 9,200,407 shares, held through Canada Life, representing a 3.90% ownership interest in IGM. The Company uses the equity method to account for its investment in IGM as it exercises significant influence. In 2025, the Company recognized \$37 (\$41 in 2024) for the equity method share of IGM net earnings and received dividends of \$20 (\$21 in 2024) from its investment in IGM (note 6).

Segregated funds of the Company were invested in funds managed by IG Wealth Management and Mackenzie Investments. Mackenzie Investments also manages certain of the Company's portfolio investments. The Company also has interests in mutual funds, open-ended investment companies and unit trusts. Some of these funds are sub-advised by related parties of the Company, who are paid sub-advisory fees related to these services. During 2025, the Company and its subsidiaries made additional investments in funds managed by related parties. All transactions were provided at market terms and conditions (note 17).

The Company held debentures issued by IGM with a carrying value of \$89 at December 31, 2025 (\$90 at December 31, 2024).

Power Corporation also controls Sagard Holdings Inc. (Sagard), a multi-strategy alternative asset manager, Power Sustainable Manager Inc. (Power Sustainable), a global multi-platform alternative asset manager, and Portage Ventures (Portage), a global fintech venture capital investment entity. Lifeco has a minority investment in Sagard and a long-term strategic partnership with Power Sustainable. Lifeco and Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM, are investors in Northleaf Capital Partners Ltd. (Northleaf), a global private equity, private credit and infrastructure fund manager. The Company and its subsidiaries invest in funds and debt instruments managed by Sagard, Power Sustainable, Portage and Northleaf. Sagard also provides certain sub-advisory and property management services to the Company and its subsidiaries.

On September 3, 2025, the Toronto Stock Exchange approved an amendment that permitted the Company to purchase its shares from Power Financial Corporation and certain of its wholly-owned subsidiaries (collectively, PFC) in connection with the 2025 NCIB (note 22). During 2025, the Company repurchased and subsequently cancelled 12,801,349 common shares held by PFC under the 2025 NCIB at a cost of \$768.

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.

(c) Key Management Compensation

Key management personnel constitute those individuals that have the authority and responsibility for planning, directing and controlling the activities of Lifeco, directly or indirectly, including any Director. The individuals that comprise the key management personnel are the Board of Directors as well as certain key management and officers.

The following describes all compensation paid to, awarded to, or earned by each of the key management personnel for services rendered in all capacities to the Company and its subsidiaries:

	2025	2024 ¹
Salary	\$ 17	\$ 17
Share-based awards	44	27
Option-based awards	11	9
Annual non-equity incentive plan compensation	13	14
Pension value	1	—
Other	5	4
Total	\$ 91	\$ 71

¹ Certain comparative figures were reclassified to conform with current year's presentation.

29. Income Taxes

(a) Components of the Income Tax Expense

(i) Income Tax Recognized in Consolidated Statements of Earnings

	2025	2024
Current income tax		
Current income tax	\$ 633	\$ 771
Global Minimum Tax (GMT)	150	113
Total current income tax	\$ 783	\$ 884
Deferred income tax		
Origination and reversal of temporary differences	\$ (215)	\$ (138)
Effect of changes in tax rates or imposition of new taxes	(3)	—
Tax expense (recovery) arising from unrecognized tax losses, tax credits or temporary differences	(31)	(9)
Total deferred income tax	\$ (249)	\$ (147)
Total income tax expense	\$ 534	\$ 737

(ii) Income Tax Recognized in Other Comprehensive Income (note 27)

	2025	2024
Current income tax expense (recovery)	\$ 17	\$ (12)
Deferred income tax expense (recovery)	60	80
Total	\$ 77	\$ 68

(iii) Income Tax Recognized in Consolidated Statements of Changes in Equity

	2025	2024
Current income tax expense (recovery)	\$ 25	\$ —
Deferred income tax expense (recovery)	—	—
Total	\$ 25	\$ —

(b) Effective Income Tax Rate

The effective income tax rate reported in the Consolidated Statements of Earnings varies from the combined Canadian federal and provincial income tax rate of 28.00% for the following items:

	2025		2024	
Earnings before income taxes	\$ 4,695		\$ 4,981	
Combined basic Canadian federal and provincial tax rate	1,315	28.00 %	1,395	28.00 %
Increase (decrease) in the income tax rate resulting from:				
Non-taxable investment income	(285)	(6.07)	(342)	(6.86)
Operations outside of Canada subject to a lower average foreign tax rate	(485)	(10.33)	(436)	(8.75)
Impact of rate changes on deferred income taxes	(3)	(0.06)	—	—
Other	(158)	(3.36)	7	0.14
Total income tax expense and effective income tax rate excluding GMT	\$ 384	8.18 %	\$ 624	12.53 %
Global Minimum Tax	150	3.19	113	2.27
Total income tax expense and effective income tax rate	\$ 534	11.37 %	\$ 737	14.80 %
Total income tax expense and effective income tax rate - common shareholders	\$ 605	12.80 %	\$ 815	16.46 %

(c) Composition and Changes in Net Deferred Income Tax Assets

	2025						
	Insurance and investment contract liabilities	Portfolio investments	Losses carried forward	Intangible assets	Tax credits	Other	Total
Balance, beginning of year	\$ (2,620)	\$ 2,422	\$ 1,384	\$ (472)	\$ 221	\$ 297	\$ 1,232
Recognized in Consolidated Statements of Earnings	781	(693)	145	(2)	(85)	103	249
Recognized in Consolidated Statements of Comprehensive Income	—	(17)	—	—	—	(43)	(60)
Acquired in business combinations	—	—	—	—	—	—	—
Other and foreign exchange rate changes	197	(84)	(62)	34	(8)	(150)	(73)
Balance, end of year	\$ (1,642)	\$ 1,628	\$ 1,467	\$ (440)	\$ 128	\$ 207	\$ 1,348

	2024						
	Insurance and investment contract liabilities	Portfolio investments	Losses carried forward	Intangible assets	Tax credits	Other	Total
Balance, beginning of year	\$ (2,727)	\$ 2,437	\$ 1,545	\$ (783)	\$ 237	\$ 352	\$ 1,061
Recognized in Consolidated Statements of Earnings	358	(184)	(262)	355	(28)	(92)	147
Recognized in Consolidated Statements of Comprehensive Income	—	(8)	—	—	—	(72)	(80)
Acquired in business combinations	—	(59)	—	(25)	(1)	(10)	(95)
Other and foreign exchange rate changes	(251)	236	101	(19)	13	119	199
Balance, end of year	\$ (2,620)	\$ 2,422	\$ 1,384	\$ (472)	\$ 221	\$ 297	\$ 1,232

Recorded on Consolidated Balance Sheets:

	2025	2024
Deferred tax assets	\$ 2,285	\$ 2,066
Deferred tax liabilities	(937)	(834)
Total	\$ 1,348	\$ 1,232

A deferred income tax asset is recognized for deductible temporary differences and unused tax losses and carryforwards only to the extent that realization of the related income tax benefit through future taxable profits is probable.

Recognition is based on the fact that it is probable that the entity will have taxable profits and/or tax planning opportunities available to allow the deferred income tax asset to be utilized. Changes in circumstances in future periods may adversely impact the assessment of the recoverability. The uncertainty of the recoverability is taken into account in establishing the deferred income tax assets. The Company's annual financial planning process provides a significant basis for the measurement of deferred income tax assets.

Management assesses the recoverability of the deferred income tax assets carrying values based on future years' taxable income projections and believes the carrying values of the deferred income tax assets as of December 31, 2025 are recoverable.

At December 31, 2025, the Company has recognized a deferred tax asset of \$1,467 (\$1,384 at December 31, 2024) on tax loss carryforwards totaling \$6,515, of which \$407 expire between 2026 and 2045 while \$6,108 have no expiry date. The Company will realize this benefit in future years through a reduction in current income taxes payable.

The Company has not recognized a deferred tax asset of \$145 (\$183 in 2024) on tax loss carryforwards totaling \$610 (\$799 in 2024). Of this amount, \$273 expire between 2026 and 2045 while \$337 have no expiry date. In addition, the Company has not recognized a deferred tax asset of \$85 (\$116 in 2024) on other temporary differences of \$359 (\$473 in 2024).

A deferred income tax liability has not been recognized in respect of the temporary differences associated with investments in subsidiaries, branches and associates as the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

The Company has applied the mandatory temporary exception in IAS 12, *Income Taxes* from recognizing and disclosing deferred tax assets and liabilities related to the GMT.

30. Derivative Financial Instruments and Hedging

In the normal course of managing exposure to fluctuations in interest and foreign exchange rates, and to market risks, the Company is an end-user of various derivative financial instruments. It is the Company's policy to transact in derivatives only with the most creditworthy financial intermediaries. Note 7 discloses the credit quality of the Company's exposure to counterparties. Credit risk equivalent amounts are presented net of eligible collateral received of \$290 as at December 31, 2025 (\$440 at December 31, 2024).

(a) Summary of the Derivative Portfolio and Related Credit Exposure Using OSFI's Prescribed Definitions of Risk

Maximum credit risk	The total replacement cost of all derivative contracts with positive values.
Future credit exposure	The potential future credit exposure is calculated based on a formula prescribed by OSFI. The factors prescribed by OSFI for this calculation are based on derivative type and duration.
Credit risk equivalent	The sum of maximum credit risk and the potential future credit exposure less any eligible collateral held.
Risk weighted equivalent	Represents the credit risk equivalent, weighted according to the creditworthiness of the counterparty, as prescribed by OSFI.

	2025					2024				
	Notional amount	Maximum credit risk	Future credit exposure	Credit risk equivalent	Risk weighted equivalent	Notional amount	Maximum credit risk	Future credit exposure	Credit risk equivalent	Risk weighted equivalent
Interest rate contracts										
Swaps	\$ 11,618	\$ 149	\$ 134	\$ 269	\$ 5	\$ 9,355	\$ 186	\$ 104	\$ 247	\$ 4
Futures - short	153	—	—	—	—	159	—	—	—	—
Options purchased	4,246	38	52	54	1	3,239	90	37	43	1
Bond forward	372	1	6	6	—	—	—	—	—	—
	16,389	188	192	329	6	12,753	276	141	290	5
Foreign exchange contracts										
Cross-currency swaps	36,447	1,243	2,290	3,327	60	36,047	1,971	2,219	3,886	67
Forward contracts	11,825	135	184	294	2	8,821	48	110	150	1
	48,272	1,378	2,474	3,621	62	44,868	2,019	2,329	4,036	68
Other derivative contracts										
Equity contracts	1,831	271	119	390	1	2,564	107	170	275	1
Futures - long	18	—	—	—	—	14	—	—	—	—
Futures - short	688	2	—	—	—	599	—	—	—	—
Equity options-purchased	2,894	23	202	225	1	—	—	—	—	—
Equity options-written	—	—	—	—	—	1,509	28	121	149	1
Credit default swaps	685	1	—	—	—	759	1	—	—	—
	6,116	297	321	615	2	5,445	136	291	424	2
Total	\$ 70,777	\$ 1,863	\$ 2,987	\$ 4,565	\$ 70	\$ 63,066	\$ 2,431	\$ 2,761	\$ 4,750	\$ 75

(b) Notional Amount, Term to Maturity and Carrying Value of the Company's Derivative Portfolio by Category

	2025					
	Notional amount				Carrying value	
	1 year or less	1-5 years	Over 5 years	Total	Assets	Liabilities
Derivatives not designated as accounting hedges						
Interest rate contracts						
Swaps	\$ 813	\$ 2,799	\$ 7,988	\$ 11,600	\$ 148	\$ (559)
Futures - short	153	—	—	153	—	—
Options purchased	206	822	3,218	4,246	38	—
Bond forward	—	—	372	372	1	(6)
	1,172	3,621	11,578	16,371	187	(565)
Foreign exchange contracts						
Cross-currency swaps	3,462	8,688	22,011	34,161	1,232	(1,549)
Forward contracts	8,139	506	—	8,645	91	(30)
	11,601	9,194	22,011	42,806	1,323	(1,579)
Other derivative contracts						
Equity contracts	1,248	147	—	1,395	8	—
Futures - long	18	—	—	18	—	—
Futures - short	688	—	—	688	2	(3)
Equity options - purchased	1,459	1,435	—	2,894	23	—
Equity options - written	—	—	—	—	—	(103)
Credit default swaps	—	685	—	685	1	—
	3,413	2,267	—	5,680	34	(106)
Derivatives designated as accounting hedges						
Fair value hedges						
Foreign currency risk						
Foreign exchange contracts						
Forward contracts	81	—	—	81	2	—
	81	—	—	81	2	—
Cash flow hedges						
Interest rate risk						
Interest rate contracts						
Swaps	—	18	—	18	1	—
Foreign currency risk						
Foreign exchange contracts						
Cross-currency swaps	9	7	—	16	—	—
Equity risk						
Other derivative contracts						
Equity contracts	120	316	—	436	263	—
	129	341	—	470	264	—
Net investment hedges						
Foreign currency risk						
Foreign exchange contracts						
Cross-currency swaps	—	—	2,270	2,270	11	(152)
Forward contracts	1,971	1,128	—	3,099	42	(10)
	1,971	1,128	2,270	5,369	53	(162)
Total	\$ 18,367	\$ 16,551	\$ 35,859	\$ 70,777	\$ 1,863	\$ (2,412)

	2024					
	Notional amount				Carrying value	
	1 year or less	1-5 years	Over 5 years	Total	Assets	Liabilities
Derivatives not designated as accounting hedges						
Interest rate contracts						
Swaps	\$ 886	\$ 2,329	\$ 6,121	\$ 9,336	\$ 185	\$ (340)
Futures - short	159	—	—	159	—	—
Options purchased	216	864	2,159	3,239	90	—
	1,261	3,193	8,280	12,734	275	(340)
Foreign exchange contracts						
Cross-currency swaps	3,776	9,416	20,514	33,706	1,862	(1,402)
Forward contracts	5,835	7	—	5,842	11	(225)
	9,611	9,423	20,514	39,548	1,873	(1,627)
Other derivative contracts						
Equity contracts	1,631	557	—	2,188	4	(18)
Futures - long	14	—	—	14	—	—
Futures - short	599	—	—	599	—	—
Equity options - written	—	1,509	—	1,509	28	—
Credit default swaps	—	746	13	759	1	—
	2,244	2,812	13	5,069	33	(18)
Derivatives designated as accounting hedges						
Fair value hedges						
Foreign currency risk						
Foreign exchange contracts						
Forward contracts	79	—	—	79	—	(3)
	79	—	—	79	—	(3)
Cash flow hedges						
Interest rate risk						
Interest rate contracts						
Swaps	—	19	—	19	1	—
Foreign currency risk						
Foreign exchange contracts						
Cross-currency swaps	46	25	—	71	6	—
Equity risk						
Other derivative contracts						
Equity contracts	117	259	—	376	103	—
	163	303	—	466	110	—
Net investment hedges						
Foreign currency risk						
Foreign exchange contracts						
Cross-currency swaps	—	—	2,270	2,270	103	(61)
Forward contracts	2,353	547	—	2,900	37	(88)
	2,353	547	2,270	5,170	140	(149)
Total	\$ 15,711	\$ 16,278	\$ 31,077	\$ 63,066	\$ 2,431	\$ (2,137)

Futures contracts included in the above are exchange traded contracts; all other contracts are over-the-counter.

(c) Derivatives Designated as Accounting Hedges

The following provides further details on the derivatives designated as accounting hedges:

Exchange rates and share prices expressed in dollar terms

	2025			
	Notional amount			
	1 year or less	1-5 years	Over 5 years	Total
Fair value hedges				
Foreign currency risk				
Foreign exchange contracts				
Forward contracts	\$ 81	\$ —	\$ —	\$ 81
Weighted average USD-CAD exchange rate	1.41	—	—	1.41
Cash flow hedges				
Interest rate risk				
Interest rate contracts				
Swaps	\$ —	\$ 18	\$ —	\$ 18
Weighted average fixed interest rate	— %	5.23 %	— %	5.23 %
Foreign currency risk				
Foreign exchange contracts				
Cross-currency swaps	\$ 9	\$ 7	\$ —	\$ 16
Weighted average USD-AUD exchange rate	—	—	—	—
Weighted average USD-CAD exchange rate	—	—	—	—
Weighted average USD-EUR exchange rate	0.92	—	—	0.92
Weighted average USD-GBP exchange rate	—	0.76	—	0.76
Equity risk				
Other derivative contracts				
Equity contracts	\$ 120	\$ 316	\$ —	\$ 436
Weighted average share price	36.69	47.53	—	43.75
Net investment hedges				
Foreign currency risk				
Foreign exchange contracts				
Cross-currency swaps	\$ —	\$ —	\$ 2,270	\$ 2,270
Weighted average EUR-CAD exchange rate	—	—	1.41	1.41
Weighted average GBP-CAD exchange rate	—	—	1.73	1.73
Forward contracts	\$ 1,971	\$ 1,128	\$ —	\$ 3,099
Weighted average USD-CAD exchange rate	1.37	1.37	—	1.37
Weighted average EUR-GBP exchange rate	0.87	0.87	—	0.87

Exchange rates and share prices expressed in dollar terms

	2024			
	Notional amount			
	1 year or less	1-5 years	Over 5 years	Total
Fair value hedges				
Foreign currency risk				
Foreign exchange contracts				
Foreign exchange forward contracts	\$ 79	\$ —	\$ —	\$ 79
Weighted average USD-CAD exchange rate	1.37	—	—	1.37
Cash flow hedges				
Interest rate risk				
Interest rate contracts				
Swaps	\$ —	\$ 19	\$ —	\$ 19
Weighted average fixed interest rate	— %	5.23 %	— %	5.23 %
Foreign currency risk				
Foreign exchange contracts				
Cross-currency swaps	\$ 46	\$ 25	\$ —	\$ 71
Weighted average USD-AUD exchange rate	1.33	—	—	1.33
Weighted average USD-CAD exchange rate	1.26	—	—	1.26
Weighted average USD-EUR exchange rate	0.91	0.92	—	0.91
Weighted average USD-GBP exchange rate	0.76	0.76	—	0.76
Equity risk				
Other derivative contracts				
Equity contracts	\$ 117	\$ 259	\$ —	\$ 376
Weighted average share price	38.71	39.40	—	39.17
Net investment hedges				
Foreign currency risk				
Foreign exchange contracts				
Cross-currency swaps	\$ —	\$ —	\$ 2,270	\$ 2,270
Weighted average EUR-CAD exchange rate	—	—	1.41	1.41
Weighted average GBP-CAD exchange rate	—	—	1.73	1.73
Forward contracts	\$ 2,353	\$ 547	\$ —	\$ 2,900
Weighted average USD-CAD exchange rate	1.37	—	—	1.37
Weighted average EUR-GBP exchange rate	0.83	0.83	—	0.83

(d) Derivative Portfolio by Type of Instrument**Interest Rate Contracts**

Interest rate swaps, futures and options are used as part of a portfolio of assets to manage interest rate risk associated with investment activities and insurance and investment contract liabilities. Interest-rate swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which payments are based. Call options grant the Company the right to enter into a swap with predetermined fixed-rate payments over a predetermined time period on the exercise date. Call options are used to manage the variability in future interest payments due to a change in credited interest rates and the related potential change in cash flows due to surrenders. Call options are also used to hedge minimum rate guarantees.

Foreign Exchange Contracts

Cross-currency swaps are used in combination with other investments to manage foreign currency risk associated with investment activities, and insurance and investment contract liabilities. Cross-currency swaps are also used to hedge the Company's net investment in foreign operations. Under these swaps principal amounts and fixed or floating interest payments may be exchanged in different currencies. The Company also enters into certain foreign exchange forward contracts to hedge certain product liabilities.

Other Derivative Contracts

Equity index swaps, futures and options are used to hedge certain product liabilities. Equity index swaps are also used as substitutes for cash instruments and are used to periodically hedge the market risk associated with certain fee income. Equity put options are used to manage potential credit risk impact of significant declines in certain equity markets.

Equity total return swaps are used to manage exposure to fluctuations in the total return of common shares related to deferred compensation arrangements. Total return swaps require the exchange of net contractual payments periodically or at maturity without the exchange of the notional principal amounts on which the payments are based. These instruments are designated as cash flow hedges.

(e) Hedge Accounting

Fair Value Hedges

The ineffective portion of fair value hedges recognized in the net investment result, which includes foreign exchange contracts, was nil during 2025 and 2024.

Cash Flow Hedges

The ineffective portion of the cash flow hedges, which includes interest rate contracts, foreign exchange contracts, and equity total return swap contracts, was nil during 2025 and 2024, and the anticipated net gains (losses) expected to be reclassified out of accumulated other comprehensive income within the next twelve months is nil. The maximum time frame for which variable cash flows are hedged is 5 years.

Net Investment Hedges

The effects of the Company's net investment hedges on the Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income are shown in the following table.

	2025				
	Change in fair value of hedged items for ineffectiveness measurement	Change in fair value of hedging instruments for ineffectiveness measurement	Gains (losses) deferred in AOCI	Gains (losses) reclassified from AOCI into total investment result	Ineffectiveness recognized in total investment result
Euro denominated debt	\$ 120	\$ (120)	\$ (120)	\$ —	\$ —
Cross-currency swaps	145	(145)	(145)	—	—
Foreign exchange forward contracts	(44)	44	44	—	—
Total	\$ 221	\$ (221)	\$ (221)	\$ —	\$ —

	2024				
	Change in fair value of hedged items for ineffectiveness measurement	Change in fair value of hedging instruments for ineffectiveness measurement	Gains (losses) deferred in AOCI	Gains (losses) reclassified from AOCI into total investment result	Ineffectiveness recognized in total investment result
Euro denominated debt	\$ 30	\$ (30)	\$ (30)	\$ —	\$ —
Cross-currency swaps	85	(85)	(85)	—	—
Foreign exchange forward contracts	88	(88)	(88)	—	—
Total	\$ 203	\$ (203)	\$ (203)	\$ —	\$ —

31. Legal Provisions and Contingent Liabilities

The Company and its subsidiaries are from time-to-time subject to legal actions, including arbitrations, class actions, and regulatory matters. Provisions are established if, in management's judgment, it is probable a payment will be required and the amount of the payment can be reliably estimated. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Company. However, based on information presently known, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Company. Actual results could differ from management's best estimates.

Subsidiaries of the Company in the United States are defendants in a class action, relating to the costs and features of their retirement and fund products and the conduct of their businesses. Management believes the claim is without merit and will be vigorously defending these actions. Based on the information presently known these actions will not have a material adverse effect on the consolidated financial position of the Company.

A proposed class action was filed against a subsidiary of the Company in Canada and other third party defendants relating to the defendants' alleged use of a software application for setting rents in multi-family residential complexes. The plaintiff has agreed to discontinue the proposed class action on consent. The discontinuance is subject to Court approval.

32. Commitments

(a) Letters of Credit

Letters of credit are written commitments provided by a bank. The total amount of letter of credit facilities is U.S. \$1,723 of which U.S. \$889 were issued as of December 31, 2025 (U.S. \$1,717 of which U.S. \$941 were issued as of December 31, 2024).

The Capital and Risk Solutions segment periodically uses letters of credit as collateral under certain reinsurance contracts for on balance sheet policy liabilities.

(b) Investment Commitments

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 were \$7,391 as at December 31, 2025 (\$7,533 as at December 31, 2024), with \$7,066 maturing within one year, \$194 maturing within two years, \$46 maturing within three years, \$28 maturing within four years and \$57 maturing after 5 years.

(c) Pledged Assets

In addition to the assets pledged by the Company disclosed elsewhere in the consolidated financial statements:

- The amount of assets included in the Company's balance sheet which have a security interest by way of pledging is \$3,577 (\$3,710 at December 31, 2024) in respect of reinsurance agreements.
- In addition, under certain reinsurance contracts, bonds presented in portfolio investments are held in trust and escrow accounts. Assets are placed in these accounts pursuant to the requirements of certain legal and contractual obligations to support contract liabilities assumed.
- The Company has pledged, in the normal course of business, \$68 (\$74 at December 31, 2024) of assets of the Company for the purpose of providing collateral for the counterparty.

33. Segmented Information

The operating segments of the Company are United States, Canada, Europe, Capital and Risk Solutions and Corporate. These segments reflect the Company's management structure and internal financial reporting. Each of these segments operates in the financial services industry and the revenues from these segments are derived principally from interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses.

Transactions between operating segments occur at market terms and conditions and have been eliminated upon consolidation.

(a) Consolidated Net Earnings

	2025					
	United States	Canada	Europe	Capital and Risk Solutions	Corporate	Total
Segment revenue						
Insurance revenue ¹	\$ —	\$ 9,630	\$ 7,219	\$ 5,255	\$ 217	\$ 22,321
Net investment income ²	3,716	3,559	1,833	397	348	9,853
Changes in fair value on FVTPL assets ²	2,383	1,716	(13)	(350)	171	3,907
	6,099	14,905	9,039	5,302	736	36,081
Fee and other income ³	4,698	2,055	948	15	179	7,895
	10,797	16,960	9,987	5,317	915	43,976
Other insurance results						
Insurance service expenses	—	(6,503)	(6,191)	(4,287)	(258)	(17,239)
Net income (expenses) from reinsurance contracts	—	(1,510)	(123)	(36)	(34)	(1,703)
	—	(8,013)	(6,314)	(4,323)	(292)	(18,942)
Other investment results						
Net finance income (expenses) from insurance contracts	—	(4,619)	(1,469)	106	(373)	(6,355)
Net finance income (expenses) from reinsurance contracts	—	(16)	(280)	1	(31)	(326)
Changes in investment contract liabilities	(4,854)	(98)	(1)	(43)	(6)	(5,002)
	(4,854)	(4,733)	(1,750)	64	(410)	(11,683)
Net investment result - insurance contracts on account of segregated fund policyholders						
Net investment income (loss)	—	4,157	887	—	—	5,044
Net finance income (expenses) from insurance contracts	—	(4,157)	(887)	—	—	(5,044)
	—	—	—	—	—	—
Other income and expenses						
Operating and administrative expenses	(3,956)	(2,023)	(1,102)	(50)	(330)	(7,461)
Amortization of finite life intangible assets	(236)	(130)	(63)	(2)	(10)	(441)
Financing costs	(7)	—	—	(4)	(368)	(379)
Restructuring and integration expenses	(29)	(226)	(109)	(11)	—	(375)
Earnings (loss) before income taxes	1,715	1,835	649	991	(495)	4,695
Income taxes	279	334	40	130	(249)	534
Net earnings from continuing operations before non-controlling interests	1,436	1,501	609	861	(246)	4,161
Attributable to non-controlling interests	—	37	—	—	4	41
Net earnings from continuing operations before preferred share dividends and other equity distributions	1,436	1,464	609	861	(250)	4,120
Preferred share dividends and other equity distributions	—	—	—	—	160	160
Net earnings (loss) from continuing operations	1,436	1,464	609	861	(410)	3,960
Net loss from discontinued operations	—	—	—	—	—	—
Net gain from disposal of discontinued operations	—	—	—	—	—	—
Net earnings (loss) - common shareholders	\$ 1,436	\$ 1,464	\$ 609	\$ 861	\$ (410)	\$ 3,960

¹ Included within insurance service result in the Consolidated Statements of Earnings.

² Included within net investment result in the Consolidated Statements of Earnings.

³ Included within other income and expenses in the Consolidated Statements of Earnings.

	2024 ¹					
	United States	Canada	Europe	Capital and Risk Solutions	Corporate	Total
Segment revenue						
Insurance revenue ²	\$ —	\$ 9,460	\$ 6,588	\$ 4,935	\$ 231	\$ 21,214
Net investment income ³	3,716	3,785	1,509	366	307	9,683
Changes in fair value on FVTPL assets ³	364	2,881	(1,172)	(416)	19	1,676
	4,080	16,126	6,925	4,885	557	32,573
Fee and other income ⁴	4,256	1,927	915	14	112	7,224
	8,336	18,053	7,840	4,899	669	39,797
Other insurance results						
Insurance service expenses	—	(6,450)	(5,613)	(4,080)	(225)	(16,368)
Net income (expenses) from reinsurance contracts	—	(1,399)	(138)	(29)	(33)	(1,599)
	—	(7,849)	(5,751)	(4,109)	(258)	(17,967)
Other investment results						
Net finance income (expenses) from insurance contracts	—	(5,800)	15	12	(145)	(5,918)
Net finance income (expenses) from reinsurance contracts	—	(2)	28	1	(37)	(10)
Changes in investment contract liabilities	(2,770)	(153)	(2)	(4)	(3)	(2,932)
	(2,770)	(5,955)	41	9	(185)	(8,860)
Net investment result - insurance contracts on account of segregated fund policyholders						
Net investment income (loss)	—	5,280	1,548	—	—	6,828
Net finance income (expenses) from insurance contracts	—	(5,280)	(1,548)	—	—	(6,828)
	—	—	—	—	—	—
Other income and expenses						
Operating and administrative expenses	(3,759)	(1,967)	(926)	(31)	(367)	(7,050)
Amortization of finite life intangible assets	(220)	(123)	(61)	(2)	(9)	(415)
Financing costs	(7)	—	—	(5)	(390)	(402)
Restructuring and integration expenses	(73)	(23)	(26)	—	—	(122)
Earnings (loss) before income taxes	1,507	2,136	1,117	761	(540)	4,981
Income taxes	278	395	187	105	(228)	737
Net earnings (loss) from continuing operations before non-controlling interests	1,229	1,741	930	656	(312)	4,244
Attributable to non-controlling interests	—	101	—	—	2	103
Net earnings (loss) from continuing operations before preferred share dividends	1,229	1,640	930	656	(314)	4,141
Preferred share dividends	—	—	—	—	130	130
Net earnings (loss) from continuing operations	1,229	1,640	930	656	(444)	4,011
Net loss from discontinued operations	(115)	—	—	—	—	(115)
Net gain from disposal of discontinued operations	44	—	—	—	—	44
Net earnings (loss) - common shareholders	\$ 1,158	\$ 1,640	\$ 930	\$ 656	\$ (444)	\$ 3,940

¹ The Company has reclassified certain comparative figures to conform to the current period's presentation. These classifications had no impact on the equity, net earnings or cash flows of the Company.

² Included within insurance service result in the Consolidated Statements of Earnings.

³ Included within net investment result in the Consolidated Statements of Earnings.

⁴ Included within other income and expenses in the Consolidated Statements of Earnings.

During the first quarter of 2025, the Company realigned certain activities to Corporate from other operating segments of the Company. The adjustments had no impact on the total net earnings or cash flows of the Company. The comparative figures are reclassified to be consistent.

Revenue by Source Currency for Capital and Risk Solutions

	2025	2024
Revenue		
United States	\$ 1,565	\$ 1,422
United Kingdom	2,355	2,110
Japan	(226)	(68)
Other	1,623	1,435
Total revenue	\$ 5,317	\$ 4,899

Negative income in the table above is primarily due to unrealized fair value losses through profit or loss on bonds.

(b) Consolidated Total Assets and Liabilities

	2025				
	United States	Canada	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	\$ 89,945	\$ 102,100	\$ 46,795	\$ 11,211	\$ 250,051
Insurance contract assets	315	445	534	277	1,571
Reinsurance contract held assets	11,818	1,224	3,705	103	16,850
Goodwill and intangible assets	6,283	6,734	3,178	—	16,195
Other assets	16,339	6,162	4,388	103	26,992
Investments on account of segregated fund policyholders	234,212	125,176	191,781	—	551,169
Total	\$ 358,912	\$ 241,841	\$ 250,381	\$ 11,694	\$ 862,828
Liabilities					
Insurance contract liabilities	\$ 17,632	\$ 91,645	\$ 45,504	\$ 6,863	\$ 161,644
Investment contract liabilities	84,620	3,456	377	589	89,042
Reinsurance contract held liabilities	158	321	397	43	919
Other liabilities	12,140	9,835	3,756	1,320	27,051
Insurance contracts on account of segregated fund policyholders	14,265	38,237	17,916	—	70,418
Investment contracts on account of segregated fund policyholders	219,947	86,939	173,865	—	480,751
Total	\$ 348,762	\$ 230,433	\$ 241,815	\$ 8,815	\$ 829,825

	2024				
	United States	Canada	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	\$ 89,768	\$ 98,262	\$ 44,321	\$ 11,434	\$ 243,785
Insurance contract assets	335	434	353	71	1,193
Reinsurance contract held assets	12,756	1,216	3,746	124	17,842
Goodwill and intangible assets	6,667	6,645	3,074	—	16,386
Other assets	16,741	5,769	3,982	79	26,571
Investments on account of segregated fund policyholders	215,986	114,547	165,853	—	496,386
Total	\$ 342,253	\$ 226,873	\$ 221,329	\$ 11,708	\$ 802,163
Liabilities					
Insurance contract liabilities	\$ 18,881	\$ 87,250	\$ 42,066	\$ 7,486	\$ 155,683
Investment contract liabilities	85,470	3,698	330	659	90,157
Reinsurance contract held liabilities	159	283	313	40	795
Other liabilities	12,523	9,572	3,456	937	26,488
Insurance contracts on account of segregated fund policyholders	14,409	35,893	16,041	—	66,343
Investment contracts on account of segregated fund policyholders	201,577	78,654	149,812	—	430,043
Total	\$ 333,019	\$ 215,350	\$ 212,018	\$ 9,122	\$ 769,509

Assets by Source Currency for Capital and Risk Solutions

Assets	2025		2024	
United States	\$	4,702	\$	4,792
United Kingdom		3,765		3,694
Japan		2,722		2,926
Other		505		296
Total assets	\$	11,694	\$	11,708

(c) CSM

	2025							
	Non-Participating (excluding Segregated Funds)							
	United States	Canada	Europe	Capital and Risk Solutions	Total	Segregated Funds	Par	Total ¹
CSM, beginning of year	\$ 55	\$ 690	\$ 3,664	\$ 2,436	\$ 6,845	\$ 3,268	\$ 3,255	\$ 13,368
CSM recognized for services provided	(8)	(67)	(326)	(269)	(670)	(407)	(155)	(1,232)
Contracts initially recognized in the year	—	40	267	100	407	126	109	642
Changes in estimates that adjust the CSM	14	(168)	5	28	(121)	83	289	251
Net finance (income) expenses from insurance contracts	2	18	91	65	176	(15)	—	161
Effect of movement in exchange rates	(3)	—	165	70	232	120	(12)	340
CSM, end of year	\$ 60	\$ 513	\$ 3,866	\$ 2,430	\$ 6,869	\$ 3,175	\$ 3,486	\$ 13,530

¹ The amounts in the table above are presented net of reinsurance.

	2024							
	Non-Participating (excluding Segregated Funds)							
	United States	Canada	Europe	Capital and Risk Solutions	Total	Segregated Funds	Par	Total ¹
CSM, beginning of year	\$ 24	\$ 1,159	\$ 3,255	\$ 1,745	\$ 6,183	\$ 3,298	\$ 3,154	\$ 12,635
CSM recognized for services provided	(5)	(103)	(286)	(178)	(572)	(408)	(151)	(1,131)
Contracts initially recognized in the year	—	36	371	251	658	170	119	947
Changes in estimates that adjust the CSM	31	(431)	79	477	156	197	113	466
Net finance (income) expenses from insurance contracts	1	29	79	47	156	(17)	—	139
Effect of movement in exchange rates	4	—	166	94	264	28	20	312
CSM, end of year	\$ 55	\$ 690	\$ 3,664	\$ 2,436	\$ 6,845	\$ 3,268	\$ 3,255	\$ 13,368

¹ The amounts in the table above are presented net of reinsurance.



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Independent Auditor's Report

To the Shareholders of Great-West Lifeco Inc.

Opinion

We have audited the consolidated financial statements of Great-West Lifeco Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Insurance Contract Liabilities - Refer to Notes 2 and 14 to the Financial Statements

Key Audit Matter Description

The Company's insurance contract liabilities represent a significant portion of its total liabilities. Insurance contract liabilities are determined in accordance with IFRS 17, Insurance Contracts ("IFRS 17"). This requires the use of complex valuation models and assumptions to measure groups of contracts as the total of estimates of future cash flows, plus a risk adjustment for non-financial risk and a contractual service margin ("CSM"). The CSM component is only relevant for groups of insurance contracts measured using the general measurement model and the variable fee approach.

While there is considerable judgment applied by management and inherent uncertainty in selecting assumptions, the assumptions with the greatest estimation uncertainty are related to mortality, policyholder behaviour and discount rates. These assumptions required significant auditor attention in specific circumstances where (i) there is limited Company and industry experience data, (ii) the historical experience may not be a good indicator of the future and (iii) the determination of discount rates requires complex calculation and measurement of unobservable market inputs. Auditing certain valuation models and significant assumptions (mortality, policyholder behaviour and discount rates) required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve actuarial and fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to certain valuation models and significant assumptions included the following, among others:

- With the assistance of actuarial specialists, tested the appropriateness of certain valuation models used in the valuation process by:
 - Calculating an independent estimate of the insurance contract liability for a sample of insurance policies and comparing the results to the Company's estimate;
 - Testing the accuracy of certain valuation models for changes in key assumptions.
- With the assistance of actuarial specialists, tested the reasonableness of mortality and policyholder behaviour assumptions by:
 - Evaluating whether management's assumptions were determined in accordance with the requirements of IFRS 17;
 - Testing experience studies and other inputs used in the determination of the assumptions;
 - Analyzing management's interpretation and judgment of its experience study results and emerging claims experience, evaluating new and revised key assumptions, assessing reasonable possible alternative assumptions, and considering industry and other external sources of benchmarking, where applicable.
- With the assistance of actuarial and fair value specialists, evaluated the reasonableness of the discount rates used by:
 - Evaluating whether management's assumptions and methodologies were determined in accordance with the requirements of IFRS 17;
 - Testing the inputs and source information underlying the determination of the discount rates and for a sample of curves, calculated the discount rates and compared against discount rates derived by management.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis.
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

Great-West Lifeco Inc.
February 11, 2026
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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Jordan Oakley.

/s/ Deloitte LLP

Chartered Professional Accountants
February 11, 2026
Winnipeg, Manitoba

IGM Financial Inc.

PART C

Management's Discussion and Analysis

PAGE C 2

Financial Statements and Notes

PAGE C 77

Please note that the bottom of each page in Part C contains two different page numbers. A page number with the prefix "C" refers to the number of such page in this document and the page number without any prefix refers to the number of such page in the original document issued by IGM Financial Inc.

The attached documents concerning IGM Financial Inc. are documents prepared and publicly disclosed by such subsidiary, and are available under such subsidiary's profile on SEDAR+, at www.sedarplus.ca. Certain statements in the attached documents, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the current expectations of the subsidiary as set forth therein. Forward-looking statements are provided for the purposes of assisting the reader in understanding the subsidiary's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about the subsidiary's management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

For further information provided by the subsidiary as to the material factors that could cause actual results to differ materially from the content of forward-looking statements, the material factors and assumptions that were applied in making the forward-looking statements, and the subsidiary's policy for updating the content of forward-looking statements, please see the attached documents, including the section entitled Forward-looking Statements. The reader is cautioned to consider these factors and assumptions carefully and not to put undue reliance on forward-looking statements.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) presents management's view of the results of operations and the financial condition of IGM Financial Inc. (IGM Financial or the Company) as at and for the years ended December 31, 2025 and 2024 and should be read in conjunction with IGM Financial's 2025 audited Consolidated Financial Statements (Consolidated Financial Statements). Commentary in the MD&A as at and for the year ended December 31, 2025 is as of February 12, 2026.

Basis of Presentation and Summary of Accounting Policies

The Consolidated Financial Statements of IGM Financial, which are the basis of the information presented in the Company's MD&A, have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in Canadian dollars (Note 2 of the Consolidated Financial Statements).

Principal Holders of Voting Shares

As at December 31, 2025, Power Corporation of Canada (Power) and Great-West Lifeco Inc. (Lifeco), a subsidiary of Power, held directly or indirectly 62.9% and 3.9%, respectively, of the outstanding common shares of IGM Financial.

Forward-looking Statements

Certain statements in this report, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect IGM Financial Inc.'s (IGM Financial, IGM or the Company) and, where applicable, its subsidiaries' and strategic investments', current expectations. Forward-looking statements are provided to assist the reader in understanding the Company's, and its subsidiaries and strategic investments, financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future. Readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company, and its subsidiaries and strategic investments, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. While the Company considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, including environmental and social, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Company's and its subsidiaries' and strategic investments' control,

affect the operations, performance and results of the Company and its subsidiaries and strategic investments, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes, operational and reputational risks, environmental and social risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, the impact of trade relations, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), the Company's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's and its subsidiaries' and strategic investments' success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements.

Other than as specifically required by applicable Canadian law, the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Company's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including this Management's Discussion and Analysis and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada, available at www.sedarplus.ca.

Non-IFRS Financial Measures and Other Financial Measures

This report contains Non-IFRS financial measures and non-IFRS ratios that do not have standard meanings prescribed by International Financial Reporting Standards (IFRS) and may not be directly comparable to similar measures used by other companies. These measures and ratios are used to provide management, investors and investment analysts with additional measures to assess earnings performance.

Non-IFRS financial measures include, but are not limited to, "adjusted net earnings available to common shareholders", "adjusted net earnings", "adjusted earnings before income taxes", "adjusted earnings before interest and taxes" (Adjusted EBIT), "earnings before interest, taxes, depreciation and amortization before sales commissions" (EBITDA before sales commissions), and "earnings before interest, taxes, depreciation and amortization after sales commissions" (EBITDA after sales commissions). These measures exclude other items which are items of a non-recurring nature, or that could make the period-over-period comparison of results from operations less meaningful. Effective in the first quarter of 2024, these measures also exclude the Company's proportionate share of items that Great-West Lifeco Inc. (Lifeco) excludes from its IFRS reported net earnings in arriving at Lifeco's base earnings. Base earnings is an alternate measure Lifeco uses to understand the underlying business performance compared to IFRS net earnings. Lifeco's financial information can be obtained in its disclosure materials filed on www.sedarplus.ca. Comparative periods have been restated to reflect this change. EBITDA before sales commissions excludes all sales commissions. EBITDA after sales commissions includes all sales commissions and highlights aggregate cash flows.

Non-IFRS ratios include the following:

Ratio	Numerator	Denominator
Adjusted earnings per share (Adjusted EPS)	Adjusted net earnings available to common shareholders	Average number of outstanding common shares on a diluted basis
Return (Adjusted return) on equity (ROE, Adjusted ROE)	Net earnings (Adjusted net earnings) available to common shareholders	Average shareholders' equity
ROE (Adjusted ROE) excluding the impact of fair value through other comprehensive income investments	Net earnings (Adjusted net earnings) available to common shareholders	Average shareholders' equity excluding the impact of fair value through other comprehensive income investments net of tax

Refer to the appropriate reconciliations of non-IFRS financial measures, including as components of non-IFRS ratios, to reported results in accordance with IFRS in Tables 1 to 4.

This report also contains other financial measures which include:

- **Assets Under Management and Advisement (AUM&A)** represents the consolidated AUM and AUA of IGM Financial's core businesses IG Wealth Management and Mackenzie Investments. In the Wealth Management segment, AUM is a component part of AUA. All instances where the asset management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM Financial's reporting such that there is no double-counting of the same client savings held at IGM Financial's core businesses.
- **Assets Under Advisement (AUA)** are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of our Wealth Management segment core business.
- **Assets Under Management (AUM)** are the key driver of the Asset Management segment. AUM are an additional driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities.
- **Assets Under Management and Advisement Including Strategic Investments (AUM&A Including SI)** represents AUM&A including the Company's proportionate share of the AUM&A of strategic investments based on the Company's interest in the strategic investments. The strategic investments included are those whose activities are primarily in asset and wealth management, and include ChinaAMC, Northleaf, Rockefeller and Wealthsimple. Rockefeller client assets include assets under management and advisement as well as assets held for investment purposes and only receiving administrative services.
- **Working Capital** which consists of current assets less current liabilities excluding assets and liabilities not reflective of ongoing operations.
- **Unallocated Capital** represents capital not allocated to any of the operating companies and which would be available for investment, debt repayment, distribution to shareholders or other corporate purposes.

IGM Financial Inc.

Summary of Consolidated Operating Results

IGM Financial Inc. (TSX:IGM) is a leading wealth and asset management company supporting advisors and the clients they serve in Canada, and institutional investors globally. The Company operates through a number of operating subsidiaries and also holds a number of strategic investments that provide benefits to these subsidiaries while furthering the Company's growth prospects. The Company's wealth management segment consists of IG Wealth Management (IG), and strategic investments in Rockefeller Capital Management (Rockefeller) and Wealthsimple Financial Corp. (Wealthsimple). The asset management segment consists of Mackenzie Investments (Mackenzie) and strategic investments in China Asset Management Co., Ltd. (ChinaAMC) and Northleaf Capital Group Ltd. (Northleaf). The Company also holds an investment in Great-West Lifeco Inc. (Lifeco).

IGM Financial's Assets Under Management and Advisement Including Strategic Investments (AUM&A Including SI) were \$566.2 billion as at December 31, 2025, the highest level in the history of the Company, compared to \$483.5 billion at December 31, 2024, as detailed in Table 6.

IGM Financial's Assets Under Management and Advisement (AUM&A) were \$310.1 billion as at December 31, 2025, a record quarter end high, compared with \$270.4 billion at December 31, 2024. Average total AUM&A for the year ended December 31, 2025 were \$287.1 billion compared to \$256.0 billion in 2024. Average total AUM&A for the fourth quarter of 2025 were \$307.5 billion compared to \$269.3 billion in the fourth quarter of 2024.

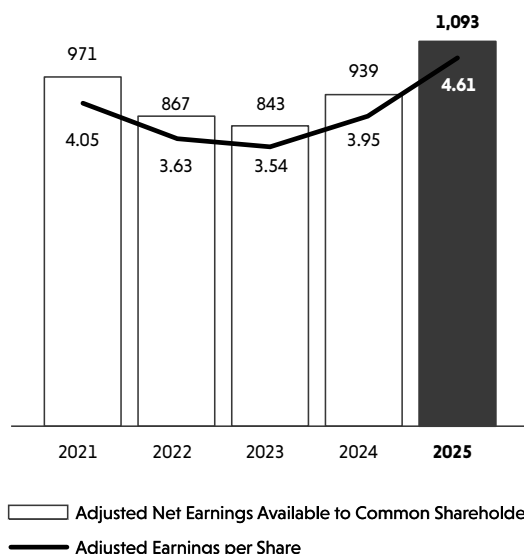
Net earnings available to common shareholders for the year ended December 31, 2025 were \$1,101.0 million or \$4.64 per share, compared to net earnings available to common shareholders of \$933.5 million or \$3.93 per share in 2024, representing an increase of 18.1% in earnings per share. Net earnings available to common shareholders for the three months ended December 31, 2025 were \$322.4 million or \$1.36 per share compared to net earnings available to common shareholders of \$254.7 million or \$1.07 per share for the comparative period in 2024, representing an increase of 27.1% in earnings per share. Net earnings available to common

shareholders for the three months ended September 30, 2025 were \$298.1 million or \$1.26 per share.

Adjusted net earnings available to common shareholders (a non-IFRS measure – see Non-IFRS Financial Measures and Other Financial Measures and Table 1), excluding other items outlined below, for the year ended December 31, 2025 were at an all-time high of \$1,093.1 million or \$4.61 per share, compared to adjusted net earnings available to common shareholders of \$939.0 million or \$3.95 per share in 2024, representing an increase of 16.7% in adjusted earnings per share. Adjusted net earnings available to common shareholders, excluding other items outlined below, for the fourth quarter of 2025 were \$301.4 million, an all-time high,

Adjusted Net Earnings Available to Common Shareholders⁽¹⁾ and Adjusted Earnings per Share⁽¹⁾

For the financial year (\$ millions, except per share amounts)



Adjusted net earnings available to common shareholders and adjusted earnings per share excluded the following after-tax amounts:

2021 – additional consideration receivable related to the sale of Personal Capital in 2020.

2022 – Lifeco other items.

2023 – the gain on sale of IPC, gain on sale of Lifeco, Lifeco IFRS 17 adjustment, restructuring and other and Lifeco other items.

2024 – Lifeco other items, tax loss consolidation and Rockefeller's one-time debt refinancing costs.

2025 – Lifeco other items and gain on partial sales of investment in associates.

(1) A Non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Table 1: Reconciliation of Non-IFRS Financial Measures

	Three months ended			Twelve months ended	
(\$ millions except EPS)	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31
Adjusted net earnings available to common shareholders⁽¹⁾	\$ 301.4	\$ 301.2	\$ 250.0	\$ 1,093.1	\$ 939.0
Lifeco other items	(5.1)	(3.1)	–	(18.2)	(6.9)
Gain on partial sales of investment in associates, net of tax	26.1	–	–	26.1	–
Rockefeller debt refinancing	–	–	–	–	(3.3)
Tax loss consolidation	–	–	4.7	–	4.7
Net earnings available to common shareholders	\$ 322.4	\$ 298.1	\$ 254.7	\$ 1,101.0	\$ 933.5
Adjusted earnings per share⁽¹⁾	\$ 1.27	\$ 1.27	\$ 1.05	\$ 4.61	\$ 3.95
Lifeco other items	(0.02)	(0.01)	–	(0.08)	(0.03)
Gain on partial sales of investment in associates, net of tax	0.11	–	–	0.11	–
Rockefeller debt refinancing	–	–	–	–	(0.01)
Tax loss consolidation	–	–	0.02	–	0.02
Earnings per share⁽²⁾	\$ 1.36	\$ 1.26	\$ 1.07	\$ 4.64	\$ 3.93
Average outstanding shares – Diluted (thousands)	237,550	237,169	238,304	237,350	237,609
EBITDA before sales commissions⁽¹⁾	\$ 477.5	\$ 474.5	\$ 409.3	\$ 1,756.5	\$ 1,547.3
Sales-based commissions paid	(35.8)	(30.8)	(34.4)	(128.2)	(129.7)
EBITDA after sales commissions⁽¹⁾	441.7	443.7	374.9	1,628.3	1,417.6
Sales-based commissions paid subject to amortization	35.8	30.8	34.4	128.2	129.7
Amortization of capitalized sales commissions	(29.7)	(29.0)	(27.3)	(114.8)	(105.5)
Amortization of capital, intangible and other assets	(24.5)	(24.6)	(23.7)	(98.0)	(92.7)
Adjusted earnings before interest and income taxes⁽¹⁾	423.3	420.9	358.3	1,543.7	1,349.1
Interest expense ⁽³⁾	32.6	32.4	32.5	129.2	129.4
Adjusted earnings before income taxes⁽¹⁾	390.7	388.5	325.8	1,414.5	1,219.7
Income taxes	87.2	87.0	75.1	315.4	276.8
Adjusted net earnings⁽¹⁾	303.5	301.5	250.7	1,099.1	942.9
Lifeco other items	(5.1)	(3.1)	–	(18.2)	(6.9)
Gain on partial sales of investment in associates, net of tax	26.1	–	–	26.1	–
Rockefeller debt refinancing	–	–	–	–	(3.3)
Tax loss consolidation	–	–	4.7	–	4.7
Net earnings	324.5	298.4	255.4	1,107.0	937.4
Non-controlling interest	2.1	0.3	0.7	6.0	3.9
Net earnings available to common shareholders	\$ 322.4	\$ 298.1	\$ 254.7	\$ 1,101.0	\$ 933.5

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

(2) Diluted earnings per share.

(3) Interest expense includes interest on long-term debt and leases.

or \$1.27 per share compared to adjusted net earnings available to common shareholders of \$250.0 million or \$1.05 per share for the comparative period in 2024. Adjusted net earnings available to common shareholders for the three months ended September 30, 2025 were \$301.2 million or \$1.27 per share.

Other items for the year ended December 31, 2025 consisted of:

- The Company's proportionate share of items Lifeco excludes from its base earnings (Lifeco other items) of (\$18.2) million, including (\$5.1) million recorded in

the fourth quarter. Lifeco excludes items from its IFRS reported net earnings to arrive at base earnings, which are an alternate measure Lifeco uses to understand the underlying business performance compared to IFRS net earnings. Lifeco's financial information can be obtained in its disclosure materials filed on www.sedarplus.ca.

- Gain on partial sales of investment in associates of \$26.1 million net of tax and one-time costs, recorded in the fourth quarter.

Other items for the year ended December 31, 2024 consisted of:

- Tax loss consolidation of \$4.7 million, recorded in the fourth quarter, related to the benefit from tax loss consolidation transactions that the Company has entered into with a subsidiary of Power.
- Lifeco other items of (\$6.9) million (nil in the fourth quarter).
- The Company's proportionate share of Rockefeller's one-time debt refinancing costs of \$3.3 million, recorded in the second quarter, related to the early repayment of one of Rockefeller's financing facilities.

Total equity was \$9.0 billion at December 31, 2025, compared to \$7.9 billion at December 31, 2024. Adjusted ROE (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the year ended December 31, 2025 was 13.1%, unchanged from 2024. Adjusted ROE excluding the impact of fair value through other comprehensive income investments (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the year ended December 31, 2025 was 15.5% compared with 14.4% in 2024. The quarterly dividend per common share was 56.25 cents in 2025, unchanged from the end of 2024.

2025 Developments

Rockefeller Capital Management

In December 2025, the Company closed transactions with Rockefeller, receiving total proceeds of \$394.2 million comprised primarily of a return of capital, as well as an equity sale. The Company's interest decreased to 17.2% due to the equity sale and adjustment to certain previously issued share-based awards which aligns Rockefeller's management with long-term equity ownership. As a result, the investment's carrying value decreased and a gain was recognized in the Consolidated Statements of Earnings.

Wealthsimple Financial Corp.

During the fourth quarter, the Company participated in a \$550 million primary equity offering by Wealthsimple, investing \$100 million and valuing the Company's total investment at \$2,258 million.

Market Overview

Financial market returns were positive for the year ended December 31, 2025:

- The S&P TSX Composite total return index increased by 6.3% in the fourth quarter of 2025 and by 31.7% for the year.
- U.S. equity markets, as measured by the S&P 500 total return index, increased by 2.7% in the fourth quarter of 2025 and by 17.9% for the year.
- European equity markets, as measured by the MSCI Europe net total return index, increased by 6.3% in the fourth quarter of 2025 and by 19.4% for the year.
- Asian equity markets, as measured by the MSCI AC Asia Pacific net total return index, increased by 3.5% in the fourth quarter of 2025 and by 28.0% for the year.
- Chinese equity markets, as measured by the CSI 300 net total return index, increased by 0.2% in the fourth quarter of 2025 and by 20.6% for the year.
- The FTSE TMX Canada Universe Bond total return index, decreased by 0.3% in the fourth quarter of 2025 and increased by 2.6% for the year.
- Our clients experienced an average investment return of 1.4% in the fourth quarter of 2025 and 11.9% for the year.

IGM Financial's AUM&A increased by 14.7% from \$270.4 billion at December 31, 2024 to \$310.1 billion at December 31, 2025.

Reportable Segments

The Company's reportable segments are Wealth Management, Asset Management and Corporate & Other and reflect the Company's internal financial reporting and performance measurement (Tables 2, 3 and 4):

- **Wealth Management** – reflects the activities of its core business and strategic investments that are principally focused on providing financial planning and related services to retail client households. This segment includes the activities of IG Wealth Management which is a retail distribution organization that serves Canadian households through its investment dealer and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services. This segment also includes the Company's strategic investments in Rockefeller and Wealthsimple. Rockefeller is classified as an investment in associate and accounted for using the equity method, with

Table 2: Consolidated Operating Results by Segment – Q4 2025 vs. Q4 2024

<i>Three months ended</i> (\$ millions)	Wealth Management		Asset Management		Corporate & Other		Total	
	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31
Revenues								
Wealth management	\$ 736.2	\$ 650.3	\$ –	\$ –	\$ (4.5)	\$ (2.8)	\$ 731.7	\$ 647.5
Asset management	–	–	307.1	288.3	(28.4)	(26.7)	278.7	261.6
Dealer compensation expense	–	–	(86.5)	(84.0)	(1.8)	(1.2)	(88.3)	(85.2)
Net asset management	–	–	220.6	204.3	(30.2)	(27.9)	190.4	176.4
Net investment income and other	1.7	3.3	2.0	8.5	5.8	5.5	9.5	17.3
Proportionate share of associates' earnings	12.2	(2.4)	32.9	29.2	31.1	26.3	76.2	53.1
	750.1	651.2	255.5	242.0	2.2	1.1	1,007.8	894.3
Expenses								
Advisory and business development	307.1	274.1	30.2	24.2	–	–	337.3	298.3
Operations and support	119.9	118.4	102.6	97.1	0.2	1.0	222.7	216.5
Sub-advisory	57.4	50.5	1.7	1.6	(34.6)	(30.9)	24.5	21.2
	484.4	443.0	134.5	122.9	(34.4)	(29.9)	584.5	536.0
Adjusted earnings before interest and taxes ⁽¹⁾	265.7	208.2	121.0	119.1	36.6	31.0	423.3	358.3
Interest expense ⁽²⁾	26.0	26.0	6.6	6.5	–	–	32.6	32.5
Adjusted earnings before income taxes ⁽¹⁾	239.7	182.2	114.4	112.6	36.6	31.0	390.7	325.8
Income taxes	62.0	49.3	23.7	24.4	1.5	1.4	87.2	75.1
Adjusted net earnings ⁽¹⁾	177.7	132.9	90.7	88.2	35.1	29.6	303.5	250.7
Non-controlling interest	–	–	2.1	0.7	–	–	2.1	0.7
Adjusted net earnings available to common shareholders ⁽¹⁾	\$ 177.7	\$ 132.9	\$ 88.6	\$ 87.5	\$ 35.1	\$ 29.6	301.4	250.0
Other items ⁽¹⁾ , net of tax								
Lifeco other items							(5.1)	–
Gain on partial sales of investment in associates							26.1	–
Tax loss consolidation							–	4.7
Net earnings available to common shareholders							\$ 322.4	\$ 254.7

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

(2) Interest expense includes interest on long-term debt and leases.

the proportionate share of earnings included in revenue. Wealthsimple is classified as an investment which is accounted for at fair value through other comprehensive income (FVTOCI) and therefore has no impact on the segment earnings.

- **Asset Management** – reflects the activities of its core business and strategic investments primarily focused on providing investment management services. This segment includes the operations of Mackenzie Investments which provides investment management services to a suite of investment funds that are distributed through third party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional

investors. This segment also includes the Company's strategic investments in ChinaAMC and Northleaf which are classified as investments in associates and accounted for using the equity method. The proportionate share of earnings on these investments are included in the segment's revenue.

- **Corporate and Other** – primarily represents the investments in Lifeco and Portage Ventures LPs, the Company's unallocated capital, as well as consolidation elimination entries.

Assets Under Management and Advisement (AUM&A) represents the consolidated AUM and AUA of IGM Financial's core businesses IG Wealth Management and Mackenzie Investments. In the Wealth Management

Table 3: Consolidated Operating Results by Segment – Twelve Months Ended

<i>Twelve months ended</i> (\$ millions)	Wealth Management		Asset Management		Corporate & Other		Total	
	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31
Revenues								
Wealth management	\$ 2,732.8	\$ 2,445.6	\$ –	\$ –	\$ (15.4)	\$ (9.5)	\$ 2,717.4	\$ 2,436.1
Asset management	–	–	1,169.8	1,108.2	(108.7)	(105.5)	1,061.1	1,002.7
Dealer compensation expense	–	–	(335.7)	(325.3)	(6.2)	(3.9)	(341.9)	(329.2)
Net asset management	–	–	834.1	782.9	(114.9)	(109.4)	719.2	673.5
Net investment income and other	8.0	12.4	15.2	23.2	19.1	17.4	42.3	53.0
Proportionate share of associates' earnings	11.3	(10.1)	158.5	133.1	112.6	100.0	282.4	223.0
	2,752.1	2,447.9	1,007.8	939.2	1.4	(1.5)	3,761.3	3,385.6
Expenses								
Advisory and business development	1,152.7	1,033.9	99.8	86.8	–	–	1,252.5	1,120.7
Operations and support	476.1	463.0	394.8	372.1	2.5	2.6	873.4	837.7
Sub-advisory	215.9	191.4	6.1	5.7	(130.3)	(119.0)	91.7	78.1
	1,844.7	1,688.3	500.7	464.6	(127.8)	(116.4)	2,217.6	2,036.5
Adjusted earnings before interest and taxes ⁽¹⁾	907.4	759.6	507.1	474.6	129.2	114.9	1,543.7	1,349.1
Interest expense ⁽²⁾	103.2	103.3	26.0	26.1	–	–	129.2	129.4
Adjusted earnings before income taxes ⁽¹⁾	804.2	656.3	481.1	448.5	129.2	114.9	1,414.5	1,219.7
Income taxes	213.2	178.6	97.7	94.2	4.5	4.0	315.4	276.8
Adjusted net earnings ⁽¹⁾	591.0	477.7	383.4	354.3	124.7	110.9	1,099.1	942.9
Non-controlling interest	–	–	6.0	3.9	–	–	6.0	3.9
Adjusted net earnings available to common shareholders ⁽¹⁾	\$ 591.0	\$ 477.7	\$ 377.4	\$ 350.4	\$ 124.7	\$ 110.9	1,093.1	939.0
Other items ⁽¹⁾ , net of tax								
Lifeco other items							(18.2)	(6.9)
Gain on partial sales of investment in associates							26.1	–
Rockefeller debt refinancing							–	(3.3)
Tax loss consolidation							–	4.7
Net earnings available to common shareholders							\$ 1,101.0	\$ 933.5

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

(2) Interest expense includes interest on long-term debt and leases.

segment, AUM is a component part of AUA. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM Financial's reporting such that there is no double-counting of the same client savings held at IGM Financial's core businesses.

Assets Under Advisement (AUA) are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of our Wealth Management segment operating companies.

Assets Under Management (AUM) are the key driver of the Asset Management segment. AUM are an additional

driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities.

Assets Under Management and Advisement Including Strategic Investments (AUM&A Including SI) represents AUM&A including the Company's proportionate share of the AUM&A of strategic investments based on the Company's interest in the strategic investments.

Table 4: Consolidated Operating Results by Segment – Q4 2025 vs. Q3 2025

<i>Three months ended</i> (\$ millions)	Wealth Management		Asset Management		Corporate & Other		Total	
	2025 Dec. 31	2025 Sep. 30	2025 Dec. 31	2025 Sep. 30	2025 Dec. 31	2025 Sep. 30	2025 Dec. 31	2025 Sep. 30
Revenues								
Wealth management	\$ 736.2	\$ 700.8	\$ –	\$ –	\$ (4.5)	\$ (4.0)	\$ 731.7	\$ 696.8
Asset management	–	–	307.1	298.2	(28.4)	(27.5)	278.7	270.7
Dealer compensation expense	–	–	(86.5)	(84.6)	(1.8)	(1.6)	(88.3)	(86.2)
Net asset management	–	–	220.6	213.6	(30.2)	(29.1)	190.4	184.5
Net investment income and other	1.7	2.0	2.0	6.7	5.8	4.6	9.5	13.3
Proportionate share of associates' earnings	12.2	3.2	32.9	47.6	31.1	29.5	76.2	80.3
	750.1	706.0	255.5	267.9	2.2	1.0	1,007.8	974.9
Expenses								
Advisory and business development	307.1	287.1	30.2	22.0	–	–	337.3	309.1
Operations and support	119.9	122.2	102.6	98.3	0.2	0.6	222.7	221.1
Sub-advisory	57.4	55.4	1.7	1.6	(34.6)	(33.2)	24.5	23.8
	484.4	464.7	134.5	121.9	(34.4)	(32.6)	584.5	554.0
Adjusted earnings before interest and taxes ⁽¹⁾	265.7	241.3	121.0	146.0	36.6	33.6	423.3	420.9
Interest expense ⁽²⁾	26.0	25.9	6.6	6.5	–	–	32.6	32.4
Adjusted earnings before income taxes ⁽¹⁾	239.7	215.4	114.4	139.5	36.6	33.6	390.7	388.5
Income taxes	62.0	57.2	23.7	28.6	1.5	1.2	87.2	87.0
Adjusted net earnings ⁽¹⁾	177.7	158.2	90.7	110.9	35.1	32.4	303.5	301.5
Non-controlling interest	–	–	2.1	0.3	–	–	2.1	0.3
Adjusted net earnings available to common shareholders ⁽¹⁾	\$ 177.7	\$ 158.2	\$ 88.6	\$ 110.6	\$ 35.1	\$ 32.4	301.4	301.2
Other items ⁽¹⁾ , net of tax								
Lifeco other items							(5.1)	(3.1)
Gain on partial sales of investment in associates							26.1	–
Net earnings available to common shareholders							\$ 322.4	\$ 298.1

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

(2) Interest expense includes interest on long-term debt and leases.

The strategic investments included are those whose activities are primarily in asset and wealth management, and include ChinaAMC, Northleaf, Rockefeller and Wealthsimple. Rockefeller client assets include AUM&A as well as assets held for investment purposes and only receiving administrative services.

Financial Presentation

The financial presentation includes revenues and expenses to align with the key drivers of business activity and to reflect our emphasis on business growth and operational efficiency. The categories are as follows:

- **Wealth management revenue** – revenues earned by the Wealth Management segment for providing financial planning, investment advisory and related

financial services. Revenues include financial advisory fees, investment management and related administration fees, distribution revenue associated with insurance and banking products and services, and revenue relating to mortgage lending activities.

- **Asset management revenue** – revenues earned by the Asset Management segment related to investment management advisory and administrative services.
- **Dealer compensation** – asset-based and sales-based compensation paid to dealers by the Asset Management segment.
- **Proportionate share of associates' earnings** – the Company's proportionate share of earnings from equity investments including Lifeco, ChinaAMC, Northleaf and Rockefeller.

Table 5: Effective Income Tax Rate

	<i>Three months ended</i>			<i>Twelve months ended</i>	
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31
Income taxes at Canadian federal and provincial statutory rates	26.59 %	26.62 %	26.58 %	26.60 %	26.57 %
Effect of:					
Proportionate share of associates' earnings ⁽¹⁾	(4.18)	(4.35)	(3.55)	(4.30)	(3.95)
Other	0.30	0.10	–	0.07	0.05
Other items:					
Lifeco other items	0.31	0.21	–	0.34	0.15
Gain on partial sales of investment in associates	1.54	–	–	0.46	–
Rockefeller debt refinancing	–	–	–	–	0.07
Tax loss consolidation	–	–	(1.44)	–	(0.39)
Effective income tax rate – net earnings available to common shareholders	24.56 %	22.58 %	21.59 %	23.17 %	22.50 %

(1) Includes proportionate share of Lifeco's base earnings.

- **Advisory and business development expenses** – expenses incurred on activities directly associated with providing financial planning services to clients of the Wealth Management segment and wholesale distribution activities performed by the Asset Management segment. Expenses include compensation, recognition and other support provided to our advisors, field management, product & planning specialists; expenses associated with facilities, technology and training relating to our advisors and specialists; other business development activities including direct marketing and advertising. A significant component of these expenses varies directly with levels of assets under management or advisement, business development measures including sales and client acquisition, and the number of advisor and client relationships.
- **Operations and support expenses** – expenses associated with business operations, including technology and business processes; in-house investment management and product shelf management; corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses.
- **Sub-advisory expenses** – reflects fees relating to investment management services provided by third party or related party investment management organizations. These fees typically are variable with the level of assets under management. These fees include investment advisory services performed for the Wealth Management segment by the Asset Management segment.

Interest expense represents interest expense on long-term debt and leases. Interest expense is allocated to each segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced.

Income taxes are reported in each segment. IGM Financial consolidated changes in the effective tax rates are detailed in Table 5.

Tax planning may result in the Company recording lower levels of income taxes. Management monitors the status of its income tax filings and regularly assesses the overall adequacy of its provision for income taxes and, as a result, income taxes recorded in prior years may be adjusted in the current year. The effect of changes in management's best estimates reported in adjusted net earnings is reflected in Other, which also includes, but is not limited to, the effect of lower effective income tax rates on foreign operations.

Other items, as reflected in Tables 2, 3 and 4, include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful and are not allocated to segments.

Other items for the year ended December 31, 2025 consisted of:

- Lifeco other items of (\$18.2) million, including (\$5.1) million recorded in the fourth quarter.
- Gain on partial sales of investment in associates of \$26.1 million net of tax and one-time costs, recorded in the fourth quarter.

Other items for the year ended December 31, 2024 consisted of:

- Tax loss consolidation of \$4.7 million, recorded in the fourth quarter, related to the benefit from tax loss consolidation transactions that the Company has entered into with a subsidiary of Power.
- Lifeco other items of (\$6.9) million (nil in the fourth quarter).
- The Company's proportionate share of Rockefeller one-time debt refinancing costs of \$3.3 million, recorded in the second quarter, related to the early repayment of one of Rockefeller's financing facilities.

Total AUM&A

IGM Financial's AUM&A Including SI were \$566.2 billion as at December 31, 2025 compared to \$483.5 billion at December 31, 2024, as detailed in Table 6.

AUM&A were \$310.1 billion at December 31, 2025 compared to \$270.4 billion at December 31, 2024, an increase of 14.7%. AUM were \$289.9 billion at December 31, 2025 compared to \$253.1 billion at December 31, 2024, an increase of 14.5%.

AUM&A net inflows for the twelve months ended December 31, 2025 were \$8.8 billion compared to net outflows of \$1.2 billion in 2024. Investment fund net sales for the twelve month period were \$4.8 billion in 2025 compared to net redemptions of \$1.8 billion in 2024. Net inflows in the fourth quarter of 2025 were \$2.2 billion compared to net inflows of \$244 million in the fourth quarter of 2024, as detailed in Table 6. Fourth quarter investment fund net sales were \$2.3 billion compared to net sales of \$7 million in 2024. Net flows and net sales are based on AUM&A excluding sub-advisory assets to Canada Life and to the Wealth Management segment.

The Company also benefits from the underlying assets under management of the Company's investments in associates, including ChinaAMC, Northleaf, Rockefeller and its investment in Wealthsimple which is classified as FVTOCI. The Company has included its proportionate share of the AUM&A of these investments in its AUM&A Including SI based on its direct and indirect interest in these companies.

At December 31, 2025, ChinaAMC's AUM was RMB¥ 3,014.5 billion (\$591.4 billion), compared to RMB¥ 2,464.5 billion (\$486.2 billion) at December 31, 2024, an increase of 22.3% (CAD 21.6%). IGM Financial holds a 27.8% interest in ChinaAMC.

At December 31, 2025, Northleaf's AUM was \$35.0 billion, compared to \$32.0 billion at December 31, 2024, an increase of 9.4%. IGM Financial holds a 56% economic interest in Northleaf.

At December 31, 2025, Rockefeller's client assets were USD \$197.7 billion (\$271.4 billion), compared to USD \$151.2 billion (\$217.7 billion) at December 31, 2024, an increase of 30.8% (CAD 24.7%). IGM Financial holds a 17.2% interest in Rockefeller, compared to 20.5% at December 31, 2024.

At December 31, 2025, Wealthsimple's AUA was \$111.3 billion, compared to \$64.0 billion at December 31, 2024, an increase of 74.0%. IGM Financial holds a 25.5% interest in Wealthsimple, compared to 27.2% at December 31, 2024.

Changes in AUM&A for the Wealth Management and Asset Management segments are discussed further in each of their respective Review of the Business sections in the MD&A.

Selected Annual Information

Financial information for the three most recently completed years is included in Table 7.

Net Earnings and Earnings per Share – Except as noted in the reconciliation in Table 7, variations in net earnings and total revenues result primarily from changes in average AUM&A.

AUM&A Including SI were \$390.6 billion in 2023, increased to \$483.5 billion in 2024 and increased to \$566.2 billion in 2025. The increase in 2024 was driven largely by changes in financial markets during the periods as well as net flows of strategic investments. The increase in 2025 was driven primarily by changes in financial markets as well as net flows.

AUM&A were \$240.2 billion in 2023, increased to \$270.4 billion in 2024 and increased to \$310.1 billion in 2025. Changes were driven largely by changes in financial markets during the periods. Average total AUM&A for the year ended December 31, 2025 were \$287.1 billion compared to \$256.0 billion in 2024. The impact on earnings and revenues of changes in average total AUM&A and other pertinent items are discussed in the Review of Segment Operating Results sections of the MD&A for both IG Wealth Management and Mackenzie.

Dividends per Common Share – Annual dividends per common share were \$2.25 in 2025, unchanged from 2024 and 2023.

Table 6: AUM&A

	Wealth Management ⁽¹⁾		Asset Management ⁽²⁾		Intercompany Eliminations		Consolidated	
(\$ millions)	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31
Three months ended								
Gross flows								
Mutual fund gross sales ⁽³⁾	\$ 4,514	\$ 3,814	\$ 2,792	\$ 2,188	\$ –	\$ –	\$ 7,306	\$ 6,002
Dealer gross inflows	4,769	3,917	–	–	–	–	4,769	3,917
Net flows								
Mutual fund net sales ⁽³⁾	347	384	(514)	(699)	–	–	(167)	(315)
ETF net creations	–	–	2,505	322	–	–	2,505	322
Investment fund net sales ⁽⁴⁾	347	384	1,991	(377)	–	–	2,338	7
Institutional SMA net sales ⁽⁵⁾	–	–	(519)	68	–	–	(519)	68
IGM product net sales	347	384	1,472	(309)	–	–	1,819	75
Other dealer net flows	347	169	–	–	–	–	347	169
Total net flows	694	553	1,472	(309)	–	–	2,166	244
Twelve months ended								
Gross flows								
Mutual fund gross sales ⁽³⁾	\$ 17,081	\$ 15,126	\$ 9,826	\$ 8,499	\$ –	\$ –	\$ 26,907	\$ 23,625
Dealer gross inflows	16,329	14,613	–	–	–	–	16,329	14,613
Net flows								
Mutual fund net sales ⁽³⁾⁽⁶⁾	2,313	(230)	(1,799)	(2,700)	–	–	514	(2,930)
ETF net creations	–	–	4,299	1,088	–	–	4,299	1,088
Investment fund net sales ⁽⁴⁾	2,313	(230)	2,500	(1,612)	–	–	4,813	(1,842)
Institutional SMA net sales ⁽⁵⁾⁽⁶⁾	–	–	4,237	(389)	–	–	4,237	(389)
IGM product net sales	2,313	(230)	6,737	(2,001)	–	–	9,050	(2,231)
Other dealer net flows	(250)	986	–	–	–	–	(250)	986
Total net flows	2,063	756	6,737	(2,001)	–	–	8,800	(1,245)

(1) Mackenzie Investment fund products sold through IG Wealth Management are reported within IG Wealth Management's AUM and Mackenzie Sub-advisory and AUM to Wealth Management.

(2) Asset Management flows activity excludes sub-advisory to Canada Life and the Wealth Management segment.

(3) Wealth Management AUM and net sales include separately managed accounts.

(4) Investment funds:

2025 Q4 – An institutional client made portfolio construction changes within their offering that resulted in an allocation of \$1.6 billion into Mackenzie ETFs.

Q1 – An institutional investor which includes Mackenzie mutual funds in its product offerings made fund allocation changes resulting in redemptions of \$144 million.

(5) Sub-advisory, institutional and other accounts:

2025 Q4 – An institutional client re-assigned sub-advisory responsibilities totalling \$345 million on a mandate advised upon by Mackenzie as part of an overall asset allocation decision. Mackenzie continues to sub-advise on this mandate.

Q3 – Mackenzie onboarded institutional mandates of \$1.7 billion.

Q2 – An institutional investor redeemed \$320 million within products that Mackenzie sub-advise.

Q1 – Mackenzie onboarded institutional mandates of \$3.6 billion.

(6) IG Wealth Management pension plan redemptions from IG Wealth Management mutual funds were re-allocated into a separately managed account managed by Mackenzie:

2025 Q2 – \$24 million

2024 Q1 – \$177 million

Summary of Quarterly Results

The Summary of Quarterly Results in Table 8 includes the eight most recent quarters and the reconciliation of non-IFRS financial measures to net earnings in accordance with IFRS.

Changes in average AUM&A over the eight most recent quarters, as shown in Table 8, largely reflect the impact of changes in domestic and foreign markets and net sales of the Company.

Table 6: AUM&A (continued)

	Wealth Management		Asset Management		Intercompany Eliminations ⁽¹⁾		Consolidated	
(\$ millions)	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31	2025 Dec. 31	2024 Dec. 31
AUM&A								
IG Wealth Management								
AUM ⁽²⁾	\$ 138,748	\$ 123,200						
Other AUA	20,193	17,220						
AUA	158,941	140,420						
Mackenzie Investments								
Mutual funds			\$ 65,671	\$ 61,435				
ETFs ⁽³⁾			12,462	7,258				
Investment funds			78,133	68,693				
Institutional SMA			14,491	8,375				
Sub-advisory to Canada Life			58,525	52,879				
Total Institutional SMA			73,016	61,254				
Third Party AUM			151,149	129,947				
Sub-advisory and AUM to Wealth Management			92,837	83,369				
Total AUM			243,986	213,316				
Consolidated								
AUM	\$ 138,748	\$ 123,200	\$ 243,986	\$ 213,316	\$ (92,837)	\$ (83,369)	\$ 289,897	\$ 253,147
AUM&A	158,941	140,420	243,986	213,316	(92,837)	(83,369)	310,090	270,367
Strategic investments⁽⁴⁾								
ChinaAMC			164,404	135,173				
Northleaf			19,582	17,926				
Rockefeller	46,687	44,542						
Wealthsimple	28,389	17,400						
Intra-segment eliminations	(8)	(8)	(435)	(361)				
	75,068	61,934	183,551	152,738	(2,485)	(1,544)	256,134	213,128
Consolidated AUM&A Including SI	\$234,009	\$202,354	\$ 427,537	\$ 366,054	\$ (95,322)	\$ (84,913)	\$ 566,224	\$ 483,495

(1) Consolidated results eliminate double counting where business is reflected within multiple segments.

(2) Wealth Management AUM includes separately managed accounts.

(3) ETF assets inclusive of IGM Financial's managed products were \$24.1 billion at December 31, 2025 (2024 – \$15.5 billion).

(4) Proportionate share of strategic investments' AUM comprised of 27.8% (2024 – 27.8%) of ChinaAMC's AUM, 56% (2024 – 56%) of Northleaf's AUM, 17.2% (2024 – 20.5%) of Rockefeller's client assets, and 25.5% (2024 – 27.2%) of Wealthsimple's AUA.

Table 7: Selected Annual Information

	2025	2024	2023
Consolidated statements of earnings (\$ millions)			
Revenues			
Wealth management	\$ 2,717.4	\$ 2,436.1	\$ 2,199.7
Net asset management	719.2	673.5	634.9
Net investment income and other	42.3	53.0	37.6
Proportionate share of associates' earnings	282.4	223.0	207.4
	3,761.3	3,385.6	3,079.6
Expenses	2,346.8	2,165.9	1,997.5
	1,414.5	1,219.7	1,082.1
Lifeco other items	(18.2)	(6.9)	(22.4)
Gain on partial sales of investment in associates	44.6	–	–
Rockefeller debt refinancing	–	(3.3)	–
Restructuring and other	–	–	(103.3)
Gain on sale of Lifeco	–	–	172.9
Lifeco IFRS 17 adjustment	–	–	15.1
Earnings before income taxes	1,440.9	1,209.5	1,144.4
Income taxes	333.9	272.1	215.1
Net earnings from continuing operations	1,107.0	937.4	929.3
Net earnings from discontinued operations	–	–	223.2
Net earnings	1,107.0	937.4	1,152.5
Non-controlling interest	(6.0)	(3.9)	(3.6)
Net earnings available to common shareholders	\$ 1,101.0	\$ 933.5	\$ 1,148.9
Reconciliation of non-IFRS financial measures (\$ millions)			
Adjusted net earnings available to common shareholders ⁽¹⁾	\$ 1,093.1	\$ 939.0	\$ 843.1
Other items:			
Lifeco other items	(18.2)	(6.9)	(22.4)
Gain on partial sales of investment in associates, net of tax	26.1	–	–
Rockefeller debt refinancing	–	(3.3)	–
Tax loss consolidation	–	4.7	–
Gain on sale of IPC	–	–	220.7
Restructuring and other, net of tax	–	–	(76.2)
Gain on sale of Lifeco, net of tax	–	–	168.6
Lifeco IFRS 17 adjustment	–	–	15.1
Net earnings available to common shareholders	\$ 1,101.0	\$ 933.5	\$ 1,148.9
Earnings per share (\$)			
Adjusted earnings per share ⁽¹⁾			
– Basic	\$ 4.62	\$ 3.96	\$ 3.54
– Diluted	4.61	3.95	3.54
Earnings per share			
– Basic	4.66	3.93	4.83
– Diluted	4.64	3.93	4.82
Dividends per share (\$) – Common	\$ 2.25	\$ 2.25	\$ 2.25
Average AUM&A⁽²⁾ (\$ billions)			
Investment fund AUM	\$ 202.8	\$ 181.7	\$ 164.8
AUM	269.7	241.0	220.7
AUM&A	287.1	256.0	232.8
Ending AUM&A⁽²⁾ (\$ billions)			
Investment fund AUM	\$ 216.9	\$ 191.9	\$ 169.5
AUM	289.9	253.1	226.6
AUM&A	310.1	270.4	240.2
Ending AUM&A Including SI⁽²⁾ (\$ billions)	\$ 566.2	\$ 483.5	\$ 390.6
Total corporate assets (\$ millions)	\$ 22,402	\$ 20,683	\$ 18,663
Total long-term debt (\$ millions)	\$ 2,400	\$ 2,400	\$ 2,400
Outstanding common shares (thousands)	235,138	237,879	238,132
Average outstanding shares – Diluted (thousands)	237,350	237,609	238,418

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

(2) AUM, AUA and AUM&A exclude IPC discontinued operations.

Table 8: Summary of Quarterly Results

	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Consolidated statements of earnings (\$ millions)								
Revenues								
Wealth management	\$ 731.7	\$ 696.8	\$ 649.4	\$ 639.5	\$ 647.5	\$ 616.0	\$ 590.0	\$ 582.6
Asset management	278.7	270.7	253.8	257.9	261.6	253.4	245.8	241.9
Dealer compensation expense	(88.3)	(86.2)	(82.3)	(85.1)	(85.2)	(82.8)	(81.1)	(80.1)
Net asset management	190.4	184.5	171.5	172.8	176.4	170.6	164.7	161.8
Net investment income and other	9.5	13.3	11.7	7.8	17.3	10.1	10.0	15.6
Proportionate share of associates' earnings	76.2	80.3	66.1	59.8	53.1	61.4	55.7	52.8
	1,007.8	974.9	898.7	879.9	894.3	858.1	820.4	812.8
Expenses								
Advisory and business development	337.3	309.1	304.8	301.3	298.3	278.3	278.5	265.6
Operations and support	222.7	221.1	213.8	215.8	216.5	211.4	205.9	203.9
Sub-advisory	24.5	23.8	21.7	21.7	21.2	20.0	19.1	17.8
Interest ⁽¹⁾	32.6	32.4	32.2	32.0	32.5	32.4	32.2	32.3
	617.1	586.4	572.5	570.8	568.5	542.1	535.7	519.6
Earnings before undernoted	390.7	388.5	326.2	309.1	325.8	316.0	284.7	293.2
Lifeco other items	(5.1)	(3.1)	(6.0)	(4.0)	–	(4.9)	(0.9)	(1.1)
Gain on partial sales of investment in associates	44.6	–	–	–	–	–	–	–
Rockefeller debt refinancing	–	–	–	–	–	–	(3.3)	–
Earnings before income taxes	430.2	385.4	320.2	305.1	325.8	311.1	280.5	292.1
Income taxes	105.7	87.0	71.6	69.6	70.4	71.2	63.2	67.3
Net earnings	324.5	298.4	248.6	235.5	255.4	239.9	217.3	224.8
Non-controlling interest	2.1	0.3	1.9	1.7	0.7	0.7	1.1	1.4
Net earnings available to common shareholders	\$ 322.4	\$ 298.1	\$ 246.7	\$ 233.8	\$ 254.7	\$ 239.2	\$ 216.2	\$ 223.4
Reconciliation of non-IFRS financial measures (\$ millions)								
Adjusted net earnings available to common shareholders ⁽²⁾	\$ 301.4	\$ 301.2	\$ 252.7	\$ 237.8	\$ 250.0	\$ 244.1	\$ 220.4	\$ 224.5
Other items:								
Lifeco other items	(5.1)	(3.1)	(6.0)	(4.0)	–	(4.9)	(0.9)	(1.1)
Gain on partial sales of investment in associates, net of tax	26.1	–	–	–	–	–	–	–
Rockefeller debt refinancing	–	–	–	–	–	–	(3.3)	–
Tax loss consolidation	–	–	–	–	4.7	–	–	–
Net earnings available to common shareholders	\$ 322.4	\$ 298.1	\$ 246.7	\$ 233.8	\$ 254.7	\$ 239.2	\$ 216.2	\$ 223.4
Earnings per share (\$)								
Adjusted earnings per share ⁽²⁾								
– Basic	\$ 1.28	\$ 1.28	\$ 1.07	\$ 1.00	\$ 1.05	\$ 1.03	\$ 0.93	\$ 0.94
– Diluted	1.27	1.27	1.07	1.00	1.05	1.03	0.93	0.94
Earnings per share								
– Basic	1.37	1.26	1.04	0.99	1.07	1.01	0.91	0.94
– Diluted	1.36	1.26	1.04	0.98	1.07	1.01	0.91	0.94
Average outstanding shares – Diluted (thousands)	237,550	237,169	237,236	238,233	238,304	236,931	237,397	238,112
Average AUM&A (\$ billions)								
Investment fund AUM	\$ 217.0	\$ 206.1	\$ 192.8	\$ 195.1	\$ 192.0	\$ 183.8	\$ 178.0	\$ 173.0
AUM	289.2	274.2	257.2	257.7	253.3	243.4	236.3	231.0
AUM&A	307.5	291.7	273.8	274.7	269.3	258.6	250.9	245.0
Ending AUM&A (\$ billions)								
Investment fund AUM	\$ 216.7	\$ 213.7	\$ 200.7	\$ 193.4	\$ 191.9	\$ 188.6	\$ 179.4	\$ 178.5
AUM	289.9	284.7	266.8	258.1	253.1	249.3	237.4	237.7
AUM&A	310.1	302.6	283.9	275.0	270.4	264.9	252.4	252.2
Ending AUM&A Including SI (\$ billions)	\$ 566.2	\$ 562.4	\$ 521.1	\$ 503.6	\$ 483.5	\$ 461.6	\$ 431.7	\$ 422.8

(1) Interest expense includes interest on long-term debt and leases.

(2) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Wealth Management

The Wealth Management segment includes IG Wealth Management and strategic investments in Rockefeller and Wealthsimple.

Wealth Management revenue consists of:

- **Advisory fees** are related to providing financial advice to clients including fees related to the distribution of products and depend largely on the level and composition of AUA. Advisory fees also include net interest income from client cash on deposit.
- **Product and program fees** are related to the management of investment products and include management, administration and other related fees and depend largely on the level and composition of assets under management.
- **Other financial planning revenues** are fees primarily related to providing clients other financial products including mortgages, insurance and banking products.

- **Proportionate share of associates' earnings** is the Company's proportionate share of earnings from the segment's equity investments.

Sub-advisory fees are paid between segments and to third parties for investment management services provided to our investment products. Wealth Management is considered a client of the Asset Management segment and transfer pricing is based on values for similar sized asset management mandates.

Debt and interest expense is allocated to each IGM Financial segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income taxes are also reported in each segment.

Review of the Business

IG Wealth Management, founded in 1926, is a leading wealth management company in Canada. Through a network of advisors located across the country, IG Wealth Management provides clients with personalized advice, comprehensive financial planning, insurance and mortgage services and professionally managed investment solutions. IG Wealth Management will be celebrating its 100th anniversary during 2026.

Rockefeller, founded in 2018, is a leading U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments. Rockefeller's goal is to be a premier advisory firm that redefines and elevates the financial services experience to empower individuals, families, institutions and corporations to realize their aspirations and achieve their most important goals.

Wealthsimple, founded in 2014, is one of Canada's fastest growing financial services companies and provides simple digital tools for growing and managing client money. Wealthsimple's mission is to help everyone achieve financial freedom.

IG Wealth Management

IG Wealth Management is one of the largest independent financial planning firms in Canada, with advisors in every community from coast to coast. We are driven by our mission to inspire financial confidence that can transform the lives of our clients and their families and we are deeply committed to improving financial literacy in the communities where we work and live.

Our exclusive network is comprised of 3,112 advisors. IG Wealth Management clients are approximately one million individuals, families and business owners.

Canadians hold significant discretionary financial assets with financial institutions and we view these savings as IG Wealth Management's addressable markets. Households with over \$1 million, which are referred to as high net worth, hold the largest portion of these assets and households with assets between \$100,000 and \$1 million, which Investors Economics refers to as mass affluent, are the second largest segment. These segments tend to have more complicated financial needs, and IG Wealth Management's focus on providing comprehensive financial planning solutions positions it well to compete and grow in these segments.

Strategy

Our goal is to help Canadians achieve financial well-being through better planning as Canada's top financial planning firm.

We strive to meet our strategic mandate by:

- 1) Focusing on key mass affluent and high net worth segments by aligning our capabilities to industry wealth drivers.
- 2) Utilizing a segmented advice model to align our best-in-class advice with Canadians' financial planning needs and complexities.
- 3) Leveraging leading innovation to enhance client experience and improve operational efficiencies.

IG Wealth Management has a client-centric strategy with a focus on high net worth (HNW) and mass affluent client segments, which we define as households with savings over \$1 million and between \$250,000 and \$1 million, respectively.

IG Wealth Management is committed to increasing the financial confidence of all Canadians by leveraging our people, expertise and resources because we believe it will help create stronger communities and a better future for all.

We believe that Canadians deserve a high standard of advice that takes into consideration all dimensions of their financial lives with financial plans tailored to meet and adapt to their needs.

We focus on providing comprehensive financial advice and well-constructed investment solutions designed to deliver returns and risks that take into account each client's needs and requirements.

2025 Developments

Dealer Merger

Effective July 1, 2025, IG Wealth Management has merged its mutual fund and investment dealers, Investors Group Financial Services Inc. and Investors Group Securities Inc., into a single dual registered dealer, IG Wealth Management Inc. The benefits of the merger include:

- **Brand alignment:** IG Wealth Management Inc. more closely reflects the brand and company name.
- **Ease of doing business:** a single dealer structure makes it easier for clients to do business with the company.
- **Additional efficiencies:** it streamlines the business operations and internal processes to improve the client experience.

Financial Advice

Our advisors focus on providing financial advice which is the value of all efforts that sit outside the investment portfolio construction. This includes the value that an advisor adds to a client relationship and comes from the creation and follow through of a well-constructed financial plan.

Advisors

IG Wealth Management has a national distribution network of more than 3,000 advisors in communities throughout Canada. Our advisory services are most suited to individuals with complicated financial needs.

IG Wealth Management provides advice through two primary channels:

- IG Wealth Management entrepreneurial advisors are focused on households with more complex needs by focusing on households with greater than \$250,000 of assets.
- IG Wealth Management corporate channel advisors are focused on servicing households with less complex requirements with assets up to \$250,000.

Our entrepreneurial advisor network creates a competitive advantage and drives client engagement with a focus on comprehensive financial planning and product solutions. Our advantage is further enabled by hiring top quality advisors, increasing proficiency, improving technology, implementing a client segmentation approach and enhancing a strong brand.

AUA consists of the following:

- Clients with household assets greater than \$1 million (defined as "high net worth") which totalled \$78.2 billion at December 31, 2025, an increase of 26.6% from one year ago, and represented 49% of total AUA.
- Clients with household assets between \$250,000 and \$1 million (defined as "mass affluent") which totalled \$58.5 billion at December 31, 2025, an increase of 5.3% from one year ago, and represented 37% of total AUA.
- Clients with household assets less than \$250,000 (defined as "mass market") which totalled \$22.2 billion at December 31, 2025, a decrease of 3.5% from one year ago, and represented 14% of total AUA.

IG Wealth Management advisor practices are industry leaders in holding a credentialed financial planning designation. These designations are nationally recognized financial planning qualifications that require an individual to demonstrate financial planning competence through education, standardized

examinations, continuing education requirements, and accountability to ethical standards.

The following provides a breakdown of the IG Wealth Management entrepreneurial advisor network into its significant components at December 31, 2025:

- 1,554 advisor practices (1,633 at December 31, 2024), which reflect advisors with more than four years of experience. These practices may include associates as described below. The level and productivity of advisor practices is a key measurement of our business as they serve clientele representing approximately 93% of AUA.
- 212 new advisors (219 at December 31, 2024), which are those advisors with less than four years of experience.
- 1,346 associates and regional vice-presidents (1,284 at December 31, 2024). Associates are licensed team members of advisor practices who provide financial planning services and advice to the clientele served by the team.
- IG Wealth Management had a total advisor network of 3,112 (3,136 at December 31, 2024).

IG Wealth Management uses advisor productivity as a key performance measure in evaluating its advisor network. The productivity is measured based on gross inflows per advisor and is monitored for both advisor recruits with less than four years experience and advisor practices with greater than four years experience. Experienced recruits are included within the greater than four years experience category.

- The advisor recruit's gross inflows were \$0.8 million per advisor, compared to \$0.7 million in the comparative period of 2024.
- The advisor practice gross inflows were \$2.8 million per practice, compared to \$2.2 million in the comparative period of 2024.

We support advisors and clients through our network of product and planning specialists, who assist in the areas of advanced financial planning, portfolio strategy and insurance. As part of the strategic mortgage partnership, nesto Inc. provides mortgage planning and home equity line of credit assistance to clients. These specialists help to ensure that we are providing comprehensive financial planning across all elements of a client's financial life. Clients are served by our mutual fund licensed and securities licensed advisors and specialists.

Client Experiences

IG Wealth Management distinguishes itself from our competition by offering comprehensive planning to our

clients that synchronize every aspect of their financial life. IG Wealth Management services clients located in communities throughout Canada. A primary focus is on advising and attracting high net worth and mass affluent clients.

For the distinct needs of the high net worth market, IG Private Wealth Management focuses on industry wealth drivers including tax planning and optimization, retirement readiness, wealth transfer and estate planning, small and medium enterprise monetization, high net worth financial literacy and philanthropy and legacy planning.

IG Living Plan allows clients to collaborate with an IG Wealth Management advisor through an enhanced digital experience to develop and track a financial plan which is unique to each client's goals.

IG Wealth Management has a full range of products that allow us to provide a tailored IG Living Plan that evolves over time. These products include:

- Powerful financial solutions that include investment vehicles, focusing on managed solutions, that match risk and investment performance to each client's needs and requirements.
- Insurance products that include a variety of policy types from the leading insurers in Canada.
- Mortgage banking solutions that are offered as part of a comprehensive financial plan.

The Charitable Giving Program is a donor-advised giving program which enables Canadians to make donations and build an enduring charitable giving legacy with considerably less expense and complexity than setting up and administering their own private foundation.

The IG Advisory Account (IGAA) is a fee-based account that improves client experience by offering the ability to simplify and consolidate selected investments into a single account while providing all our clients with a transparent advisory fee. IGAA increases fee transparency and can hold most securities and investment products available in the marketplace to individual investors.

Financial Solutions

IG Wealth Management strives to achieve expected investment returns for the lowest possible risk focusing on managed solutions that create value for clients through active management. To do this, we select and engage high-quality sub-advisors so our clients have access to a diverse range of investment products and solutions. Each asset manager is selected through

a proven and rigorous process. We oversee all sub-advisors to ensure that their activities are consistent with their investment philosophies and with the investment objectives and strategies of the products they advise.

Our investment solutions leverage top global asset manager relationships including Mackenzie Investments and other world class investment firms such as Fidelity Investments Canada, T. Rowe Price (Canada), Sagard Credit Partners, Portage, Beutel Goodman & Company, PanAgora Asset Management, PIMCO Canada Corp., Northleaf Capital Partners (Canada), BristolGate Capital Partners, Aristotle Capital Boston, Putnam Investments Canada, Franklin Templeton Investment Management, Wellington Management Canada, Rockefeller & Co., JPMorgan Asset Management (Canada), Rockefeller Capital Management, BlackRock Asset Management Canada, ClearBridge Investments, 1832 Asset Management (Dynamic), American Century Investment Management, Manulife Investment Management Limited, Manulife Investment Management (US) LLC, Manulife Investment Management (Hong Kong), Guardian Capital LP, Capital Research and Management Company, and Brookfield Investment Management (Canada).

We provide clients with an extensive suite of well-constructed and competitively priced financial solutions that incorporate public and private market investments as well as alternative investment strategies. We regularly enhance the scope and diversity of our investment offering with new funds and product changes that enable clients to achieve their goals. We believe that well-constructed managed solutions provide advisors with the best opportunity to focus on providing financial advice to their clients.

In the fourth quarter of 2025, IG Wealth Management received four 2025 LSEG Lipper Fund Awards for investment performance across a range of equity and fixed income categories. The LSEG Lipper Fund Awards recognizes fund managers that deliver consistently strong risk-adjusted performance relative to their peers based on an objective and quantitative methodology.

We provide portfolio construction with investment solutions that include public markets, private markets, and alternative strategies.

Our investment solutions include:

- *Wealth Portfolios* are a suite of professionally managed portfolio solutions that employ leading global asset managers and offer extensive diversification, including access to difficult-to-reach asset classes like real property and alternatives. These fund-on-fund

solutions provide options to amplify specific outcomes, such as lower volatility, higher income, or higher potential capital growth.

- *iProfile™ Portfolios* provide the same investment expertise and approach to building portfolios that are typically reserved for only the largest investors. The portfolios include a variety of sophisticated investment strategies, such as alternative assets and private markets, that are out of reach for individual investors. The portfolios offer wide diversification, across a variety of asset classes to help minimize risk and maximize returns.
- *iProfile™ Private Discretionary Portfolios* are model portfolios comprised of iProfile Private Pools, available for households with investments held at IG Wealth Management in excess of \$250,000. iProfile Private Discretionary Portfolios have been designed to deliver strong risk-adjusted returns by diversifying across asset classes, management styles and geographic regions.
- A deep and broad selection of mutual funds, diversified by manager, asset category, investment style, geography, market capitalization and sector.
- Segregated funds that provide for long-term investment growth potential combined with risk management, benefit guarantee features and estate planning efficiencies.
- Separately managed accounts (discretionary dealer-managed accounts).

We have incorporated investments in private assets into various mandates through commitments to investments managed by Northleaf, BlackRock, PIMCO and Sagard.

IG Wealth Management monitors its investment performance by comparing to certain benchmarks. Morningstar[†] fund ranking service is one of the rankings monitored when determining fund performance.

At December 31, 2025, 94.9% of IG Wealth Management mutual fund assets had a rating of three stars or better from Morningstar[†] fund ranking service and 63.8% had a rating of four or five stars. This compared to the Morningstar[†] universe of 87.8% for three stars or better and 56.7% for four and five star funds at December 31, 2025. Morningstar Ratings[†] are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

Other Products and Services

Segregated Funds

IG Wealth Management offers segregated funds which include the IG Series of Guaranteed Investment

Funds (GIFs). Select GIF policies allow for a Lifetime Income Benefit (LIB) option to provide guaranteed retirement income for life. The investment components of these segregated funds are managed by IG Wealth Management. At December 31, 2025, total segregated fund assets were \$1.2 billion, unchanged from December 31, 2024.

Insurance

IG Wealth Management distributes life insurance in Canada through its arrangements with leading insurance companies, and offers a broad range of term, universal life, whole life, disability, critical illness, long-term care, personal health care coverage and group insurance.

At December 31, 2025, total in-force policies were approximately 371 thousand with an insured value of \$108 billion, compared to approximately 372 thousand with an insured value of \$106 billion at December 31, 2024. Distribution of insurance products is enhanced through IG Wealth Management's Insurance Planning Specialists, located throughout Canada, who assist advisors with advanced estate planning solutions for high net worth clients.

Mortgage Banking Operations

Mortgages, which include home equity lines of credit (HELOCs), are offered to clients by IG Wealth Management. Licensed mortgage brokers are located throughout each province in Canada, and work with our clients and their advisors to develop mortgage and lending strategies that meet the individual needs and goals of each client as part of their comprehensive financial plan.

Mortgage fundings offered through IG Wealth Management for the three and twelve months ended December 31, 2025 were \$292 million and \$1.2 billion, compared to \$260 million and \$971 million in 2024, an increase of 12.3% and 22.9%, respectively. At December 31, 2025, mortgages serviced totalled \$6.8 billion, unchanged from December 31, 2024.

Private Company Advisory

Private Company Advisory is a comprehensive service to business owners in the small to midsize segment that provides advice on debt and equity financing, business valuation and succession.

Wealth Management AUM and AUA

AUM and AUA are key performance indicators for the Wealth Management segment and are detailed in Tables 9 and 10.

Wealth Management AUA including strategic investments were \$234.0 billion at December 31, 2025, compared to \$202.4 billion at December 31, 2024. Strategic investments AUA is based on the Company's interest in these companies.

IG Wealth Management's AUA were \$158.9 billion at December 31, 2025, an increase of 13.2% from December 31, 2024. The level of AUA is influenced by three factors: client inflows, client outflows and investment returns. AUA represents savings and investment products, including AUM where we provide investment management services, that are held within our clients' accounts. Advisory fees are charged based on an annual percentage of substantially all AUA, through the IG Advisory Account fee, and represent the majority of the fees earned from our clients. Our entrepreneurial advisors' compensation is also based on AUA and net assets contributed by our clients.

At December 31, 2025, Rockefeller's client assets were USD \$197.7 billion (\$271.4 billion), compared to USD \$151.2 billion (\$217.7 billion) at December 31, 2024, an increase of 30.8% (CAD 24.7%). IGM Financial holds a 17.2% interest in Rockefeller, compared to 20.5% at December 31, 2024.

At December 31, 2025, Wealthsimple's AUA was \$111.3 billion, compared to \$64.0 billion at December 31, 2024, an increase of 74.0%. IGM Financial holds a 25.5% interest in Wealthsimple at December 31, 2025, compared to 27.2% at December 31, 2024.

IG Wealth Management AUM and AUA

Change in AUM & AUA – 2025 vs. 2024

IG Wealth Management's AUA of \$158.9 billion at December 31, 2025, a record quarter end high, increased 13.2% from \$140.4 billion at December 31, 2024. IG Wealth Management's mutual fund AUM were \$138.7 billion at December 31, 2025, representing an increase of 12.6% from \$123.2 billion at December 31, 2024. Average daily mutual fund assets were \$139.5 billion in the fourth quarter of 2025, up 13.1% from \$123.3 billion in the fourth quarter of 2024. Average daily mutual fund assets were \$130.6 billion for the twelve months ended December 31, 2025, an increase of 12.5% from \$116.1 billion in 2024.

For the quarter ended December 31, 2025, gross client inflows of IG Wealth Management AUA were a record high of \$4.8 billion, an increase of 21.8% from \$3.9 billion in 2024. For the quarter ended December 31, 2025, gross inflows from newly acquired clients with

Table 9: Change in AUA – Wealth Management

<i>Three months ended</i> (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Change in AUA – IG Wealth Management					
Gross client inflows	\$ 4,769	\$ 3,781	\$ 3,917	26.1 %	21.8 %
Gross client outflows	4,075	3,355	3,364	21.5	21.1
Net flows	694	426	553	62.9	25.5
Investment returns	2,363	8,794	3,459	(73.1)	(31.7)
Net change in assets	3,057	9,220	4,012	(66.8)	(23.8)
Beginning assets	155,884	146,664	136,408	6.3	14.3
Ending AUA	\$ 158,941	\$ 155,884	\$ 140,420	2.0 %	13.2 %
Strategic investments ending AUA					
Rockefeller	\$ 46,687	\$ 53,176	\$ 44,542	(12.2)%	4.8 %
Wealthsimple	28,389	26,218	17,400	8.3	63.2
Intra-segment eliminations	(8)	(9)	(8)	11.1	–
	\$ 75,068	\$ 79,385	\$ 61,934	(5.4)%	21.2 %
Consolidated ending AUA including strategic investments	\$ 234,009	\$ 235,269	\$ 202,354	(0.5)%	15.6 %
Daily average AUA					
IG Wealth Management	\$ 157,788	\$ 150,491	\$ 139,352	4.8 %	13.2 %
 <i>Twelve months ended</i> (\$ millions)					
			2025 Dec. 31	2024 Dec. 31	Change
Change in AUA – IG Wealth Management					
Gross client inflows			\$ 16,329	\$ 14,613	11.7 %
Gross client outflows ⁽¹⁾			14,266	13,857	3.0
Net flows			2,063	756	172.9
Investment returns			16,458	18,441	(10.8)
Net change in assets			18,521	19,197	(3.5)
Beginning assets			140,420	121,223	15.8
Ending AUA			\$ 158,941	\$ 140,420	13.2 %
Daily average AUA					
IG Wealth Management			\$ 148,036	\$ 131,124	12.9 %

(1) IG Wealth Management pension plan redemptions from IG Wealth Management mutual funds were re-allocated into a separately managed account managed by Mackenzie:
2025 Q2 – \$24 million
2024 Q1 – \$177 million

more than \$1.0 million of assets accounted for 38.6% of all newly acquired client inflows. Net client inflows were \$694 million, compared to net client inflows of \$553 million in the comparable period in 2024. During the fourth quarter, investment returns resulted in an increase of \$2.4 billion in AUA, compared to an increase of \$3.5 billion in the fourth quarter of 2024.

For the quarter ended December 31, 2025, sales of IG Wealth Management mutual funds through its advisor network were \$4.5 billion, an increase of 18.4% from the comparable period in 2024. Mutual fund redemptions totalled \$4.2 billion, an increase of 21.5% from 2024.

IG Wealth Management mutual fund net sales for the fourth quarter of 2025 were \$347 million, compared to net sales of \$384 million in 2024. During the fourth quarter, investment returns resulted in an increase of \$423 million in mutual fund assets, compared to an increase of \$2.0 billion in the fourth quarter of 2024.

IG Wealth Management's annualized quarterly redemption rate for long-term funds was 11.3% in the fourth quarter of 2025, compared to 10.5% in the fourth quarter of 2024. IG Wealth Management's twelve month trailing redemption rate for long-term funds was 10.7% at December 31, 2025, compared to 12.6% at

Table 10: Change in AUM – IG Wealth Management

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Sales	\$ 4,514	\$ 3,885	\$ 3,814	16.2 %	18.4 %
Redemptions	4,167	3,352	3,430	24.3	21.5
Net sales (redemptions)	347	533	384	(34.9)	(9.6)
Investment returns	423	7,919	2,028	(94.7)	(79.1)
Net change in assets	770	8,452	2,412	(90.9)	(68.1)
Beginning assets	137,978	129,526	120,788	6.5	14.2
Ending assets	\$ 138,748	\$ 137,978	\$ 123,200	0.6 %	12.6 %
Daily average AUM	\$ 139,463	\$ 133,017	\$ 123,288	4.8 %	13.1 %

Twelve months ended (\$ millions)	2025 Dec. 31	2024 Dec. 31	Change
Sales ⁽¹⁾	\$ 17,081	\$ 15,126	12.9 %
Redemptions ⁽¹⁾⁽²⁾	14,768	15,356	(3.8)
Net sales (redemptions)	2,313	(230)	N/M
Investment returns	13,235	15,795	(16.2)
Net change in assets	15,548	15,565	(0.1)
Beginning assets	123,200	107,635	14.5
Ending assets	\$ 138,748	\$ 123,200	12.6 %
Daily average AUM	\$ 130,650	\$ 116,134	12.5 %

(1) In the second quarter of 2024, IG Wealth Management experienced heightened investment fund gross sales, redemptions and heightened positive other net flows due to clients strategically triggering capital gains in advance of proposed changes to Canada's capital gains tax policy.

(2) IG Wealth Management pension plan redemptions from IG Wealth Management mutual funds were re-allocated into a separately managed account managed by Mackenzie:

2025 Q2 – \$24 million

2024 Q1 – \$177 million

December 31, 2024. The corresponding average twelve month trailing redemption rate for all other members of the Securities and Investment Management Association (SIMA), formerly IFIC, was approximately 15.5% at December 31, 2025.

For the twelve months ended December 31, 2025, gross client inflows of IG Wealth Management AUA were \$16.3 billion and represented an increase of 11.7% from \$14.6 billion in the comparable period in 2024. For the twelve months ended December 31, 2025, gross inflows from newly acquired clients with more than \$1.0 million of assets accounted for 37.5% of all newly acquired client inflows. Net client inflows were \$2.1 billion in the twelve month period, an increase of \$1.3 billion from net client inflows of \$756 million in the comparable period in 2024. During 2025, investment returns resulted in an increase of \$16.5 billion in AUA, compared to an increase of \$18.4 billion in 2024.

In June 2024, IG Wealth Management experienced heightened investment fund gross sales, redemptions and heightened positive other net flows due to clients

strategically triggering capital gains in advance of proposed changes to Canada's capital gains tax policy.

For the twelve months ended December 31, 2025, sales of IG Wealth Management mutual funds through its advisor network were \$17.1 billion, an increase of 12.9% from 2024. Mutual fund redemptions totalled \$14.8 billion, a decrease of 3.8% from 2024. Net sales of IG Wealth Management mutual funds were \$2.3 billion compared to net redemptions of \$230 million in 2024. During 2025, investment returns resulted in an increase of \$13.2 billion in mutual fund assets, compared to an increase of \$15.8 billion in 2024.

In the second quarter of 2025, the IG Wealth Management pension plan redeemed \$24 million from IG Wealth Management mutual funds that was re-allocated into a separately managed account managed by Mackenzie Investments. In the first quarter of 2024, the pension plan had re-allocated \$177 million. Excluding these transactions, net client inflows and net sales for the twelve month period of 2025 were \$2.1 billion and \$2.3 billion, respectively, compared to

net client inflows and net redemptions of \$933 million and \$53 million, respectively, in 2024.

Change in AUM & AUA – Q4 2025 vs. Q3 2025

IG Wealth Management's AUA were \$158.9 billion at December 31, 2025, an increase of 2.0% from \$155.9 billion at September 30, 2025. IG Wealth Management's mutual fund AUM were \$138.7 billion at December 31, 2025, an increase of 0.6% from \$138.0 billion at September 30, 2025. Average daily mutual fund assets were \$139.5 billion in the fourth quarter of 2025, compared to \$133.0 billion in the third quarter of 2025, an increase of 4.8%.

For the quarter ended December 31, 2025, gross client inflows of IG Wealth Management AUA were \$4.8 billion, compared to \$3.8 billion in the prior quarter. Net client inflows were \$694 million, compared to net client inflows

of \$426 million in the prior quarter. During the fourth quarter, investment returns resulted in an increase of \$2.4 billion in AUA, compared to an increase of \$8.8 billion in the prior quarter.

For the quarter ended December 31, 2025, sales of IG Wealth Management mutual funds through its advisor network were \$4.5 billion, an increase of 16.2% from the third quarter of 2025. Mutual fund redemptions totalled \$4.2 billion for the fourth quarter, an increase of 24.3% from the previous quarter, and the annualized quarterly redemption rate was 11.3% in the fourth quarter, compared to 9.4% in the third quarter of 2025. IG Wealth Management mutual fund net sales were \$347 million for the current quarter, compared to net sales of \$533 million in the previous quarter.

Review of Segment Operating Results

The Wealth Management segment's adjusted net earnings are presented in Table 11 and include the operations of IG Wealth Management and earnings related to strategic investments.

IG Wealth Management

IG Wealth Management's adjusted net earnings are presented within Table 12. Adjusted net earnings for the fourth quarter of 2025 were \$166.9 million, an increase of 23.4% from the fourth quarter in 2024 and an increase of 7.5% from the prior quarter. Adjusted net earnings for the year ended December 31, 2025 were \$582.1 million, an increase of 18.9% from 2024.

Adjusted earnings before interest and taxes for the fourth quarter of 2025 were \$253.8 million, an increase of 20.4% from the fourth quarter in 2024 and an increase of 6.5% from the prior quarter. Adjusted earnings before interest and taxes for the year ended December 31, 2025 were \$897.1 million, an increase of 16.4% from 2024.

2025 vs. 2024

Fee Income

Advisory fees include fees for providing financial advice to clients including fees related to the distribution of products and net client interest income which depend largely on the level and composition of AUA. Advisory fees were \$383.2 million in the fourth quarter of 2025,

Table 11: Operating Results – Wealth Management

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Revenues					
Wealth Management					
Advisory fees	\$ 383.2	\$ 368.1	\$ 342.2	4.1 %	12.0 %
Product and program fees	300.0	285.6	265.7	5.0	12.9
	683.2	653.7	607.9	4.5	12.4
Other financial planning revenues	53.0	47.1	42.4	12.5	25.0
Total Wealth Management	736.2	700.8	650.3	5.1	13.2
Net investment income and other	1.7	2.0	3.3	(15.0)	(48.5)
Proportionate share of associates' earnings	12.2	3.2	(2.4)	281.3	N/M
	750.1	706.0	651.2	6.2	15.2
Expenses					
Advisory and business development					
Asset-based compensation	203.1	192.7	178.2	5.4	14.0
Sales-based compensation	29.8	29.0	27.0	2.8	10.4
Other					
Other product commissions	28.6	23.1	23.0	23.8	24.3
Business development	45.6	42.3	45.9	7.8	(0.7)
	74.2	65.4	68.9	13.5	7.7
Total advisory and business development	307.1	287.1	274.1	7.0	12.0
Operations and support	119.9	122.2	118.4	(1.9)	1.3
Sub-advisory	57.4	55.4	50.5	3.6	13.7
	484.4	464.7	443.0	4.2	9.3
Adjusted earnings before interest and taxes ⁽¹⁾	265.7	241.3	208.2	10.1	27.6
Interest expense	26.0	25.9	26.0	0.4	–
Adjusted earnings before income taxes ⁽¹⁾	239.7	215.4	182.2	11.3	31.6
Income taxes	62.0	57.2	49.3	8.4	25.8
Adjusted net earnings⁽¹⁾	\$ 177.7	\$ 158.2	\$ 132.9	12.3 %	33.7 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Table 11: Operating Results – Wealth Management (continued)

<i>Twelve months ended</i> <i>(\$ millions)</i>	2025 Dec. 31	2024 Dec. 31	Change
Revenues			
Wealth Management			
Advisory fees	\$ 1,439.7	\$ 1,295.2	11.2 %
Product and program fees	1,113.2	995.7	11.8
	2,552.9	2,290.9	11.4
Other financial planning revenues	179.9	154.7	16.3
Total Wealth Management	2,732.8	2,445.6	11.7
Net investment income and other	8.0	12.4	(35.5)
Proportionate share of associates' earnings	11.3	(10.1)	N/M
	2,752.1	2,447.9	12.4
Expenses			
Advisory and business development			
Asset-based compensation	762.2	665.6	14.5
Sales-based compensation	114.7	104.3	10.0
Other			
Other product commissions	96.3	82.1	17.3
Business development	179.5	181.9	(1.3)
	275.8	264.0	4.5
Total advisory and business development	1,152.7	1,033.9	11.5
Operations and support	476.1	463.0	2.8
Sub-advisory	215.9	191.4	12.8
	1,844.7	1,688.3	9.3
Adjusted earnings before interest and taxes ⁽¹⁾	907.4	759.6	19.5
Interest expense	103.2	103.3	(0.1)
Adjusted earnings before income taxes ⁽¹⁾	804.2	656.3	22.5
Income taxes	213.2	178.6	19.4
Adjusted net earnings⁽¹⁾	\$ 591.0	\$ 477.7	23.7 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

an increase of \$41.0 million or 12.0% from \$342.2 million in 2024. For the twelve months ended December 31, 2025, advisory fees were \$1,439.7 million, an increase of \$144.5 million or 11.2% from \$1,295.2 million in 2024.

The increase in advisory fees in the three months ending December 31, 2025 was primarily due to an increase in average AUA of 13.2%, as shown in Table 9, partially offset by a decrease in the advisory fee rate. The increase in advisory fees in the twelve months ending December 31, 2025 was primarily due to the increase in average AUA of 12.9%, partially offset by a decrease in the advisory rate and one less calendar day in the twelve month period of 2025, compared to the same period in 2024. The average advisory fee rate for the fourth quarter was 96.3 basis points of average AUA, compared to 97.7 basis points in 2024. The average advisory fee rate for the twelve months ended December 31, 2025 was

97.3 basis points of average AUA, compared to 98.8 basis points in 2024. Fee rates are determined based on client AUA levels and the average rate will fluctuate based on changes in a client's AUA as well as product mix.

Product and program fees depend largely on the level and composition of mutual fund AUM. Product and program fees totalled \$300.0 million in the current quarter, up 12.9% from \$265.7 million a year ago primarily due to the increase in average AUM of 13.1%, as shown in Table 10. Product and program fees were \$1,113.2 million for the twelve month period ended December 31, 2025, compared to \$995.7 million in 2024, an increase of 11.8% primarily due to an increase in average AUM of 12.5%. The average product and program fee rate for the three and twelve month periods ending December 31, 2025 were 85.3 and 85.2 basis

Table 12: Operating Results – IG Wealth Management

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Revenues					
Wealth Management					
Advisory fees	\$ 383.2	\$ 368.1	\$ 342.2	4.1 %	12.0 %
Product and program fees	300.0	285.6	265.7	5.0	12.9
	683.2	653.7	607.9	4.5	12.4
Other financial planning revenues	53.0	47.1	42.4	12.5	25.0
Total Wealth Management	736.2	700.8	650.3	5.1	13.2
Net investment income and other	1.7	2.0	3.3	(15.0)	(48.5)
	737.9	702.8	653.6	5.0	12.9
Expenses					
Advisory and business development					
Asset-based compensation	203.1	192.7	178.2	5.4	14.0
Sales-based compensation	29.8	29.0	27.0	2.8	10.4
Other					
Other product commissions	28.6	23.1	23.0	23.8	24.3
Business development	45.6	42.3	45.9	7.8	(0.7)
	74.2	65.4	68.9	13.5	7.7
Total advisory and business development	307.1	287.1	274.1	7.0	12.0
Operations and support	119.6	122.0	118.2	(2.0)	1.2
Sub-advisory	57.4	55.4	50.5	3.6	13.7
	484.1	464.5	442.8	4.2	9.3
Adjusted earnings before interest and taxes ⁽¹⁾	253.8	238.3	210.8	6.5	20.4
Interest expense	26.0	25.9	26.0	0.4	–
Adjusted earnings before income taxes ⁽¹⁾	227.8	212.4	184.8	7.3	23.3
Income taxes	60.9	57.1	49.5	6.7	23.0
Adjusted net earnings⁽¹⁾	\$ 166.9	\$ 155.3	\$ 135.3	7.5 %	23.4 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

points of AUM, respectively, compared to 85.5 and 85.6 basis points for the comparable periods in 2024.

Other financial planning revenues are primarily earned from:

- Mortgage banking operations
- Distribution of insurance products through I.G. Insurance Services Inc.
- Securities trading services provided through IG Wealth Management Inc.

Other financial planning revenues of \$53.0 million for the fourth quarter of 2025 increased by \$10.6 million from \$42.4 million in 2024. For the twelve month period, other financial planning revenues of \$179.9 million increased by \$25.2 million from \$154.7 million in 2024. The change for both the three and twelve month periods was primarily due to higher earnings from mortgage banking

operations and higher revenues from the distribution of insurance products.

A summary of mortgage banking operations for the periods under review is presented in Table 13.

Net Investment Income and Other

Net investment income and other consists of unrealized gains or losses on investments in proprietary funds, investment income earned on our cash and cash equivalents and securities, and other income not related to our core business. It also includes a charge from the Corporate and Other segment for the use of unallocated capital.

Expenses

IG Wealth Management incurs advisory and business development expenses that include compensation paid to our advisors. The majority of these costs vary

Table 12: Operating Results – IG Wealth Management (continued)

<i>Twelve months ended</i> <i>(\$ millions)</i>	2025 Dec. 31	2024 Dec. 31	Change
Revenues			
Wealth Management			
Advisory fees	\$ 1,439.7	\$ 1,295.2	11.2 %
Product and program fees	1,113.2	995.7	11.8
	2,552.9	2,290.9	11.4
Other financial planning revenues	179.9	154.7	16.3
Total Wealth Management	2,732.8	2,445.6	11.7
Net investment income and other	8.0	12.4	(35.5)
	2,740.8	2,458.0	11.5
Expenses			
Advisory and business development			
Asset-based compensation	762.2	665.6	14.5
Sales-based compensation	114.7	104.3	10.0
Other			
Other product commissions	96.3	82.1	17.3
Business development	179.5	181.9	(1.3)
	275.8	264.0	4.5
Total advisory and business development	1,152.7	1,033.9	11.5
Operations and support	475.1	462.1	2.8
Sub-advisory	215.9	191.4	12.8
	1,843.7	1,687.4	9.3
Adjusted earnings before interest and taxes ⁽¹⁾	897.1	770.6	16.4
Interest expense	103.2	103.3	(0.1)
Adjusted earnings before income taxes ⁽¹⁾	793.9	667.3	19.0
Income taxes	211.8	177.6	19.3
Adjusted net earnings⁽¹⁾	\$ 582.1	\$ 489.7	18.9 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

directly with asset or sales levels. Also included are other distribution and business development activities which do not vary directly with asset or sales levels, such as corporate channel, direct marketing and advertising, financial planning specialist support and other costs incurred to support our advisor networks. These expenses tend to be discretionary or vary based upon the number of advisors or clients.

Asset-based compensation includes compensation paid to both the entrepreneurial advisor and the corporate channels. The entrepreneurial advisor channel compensation fluctuates primarily with the value of AUA and product mix while the corporate channel fluctuates largely based on the number of clients within the channel. Asset-based compensation increased by \$24.9 million and \$96.6 million for the three and twelve month periods ended December 31, 2025 to \$203.1 million and \$762.2 million, respectively, compared

to 2024. The increase for both the three and twelve month periods was primarily due to increases in AUA.

IG Wealth Management sales-based compensation is based upon the level of net new assets contributed to client accounts at IG Wealth Management (subject to eligibility requirements). All sales-based compensation payments are capitalized and amortized as they reflect incremental costs to obtain a client contract. Sales-based compensation was \$29.8 million for the fourth quarter of 2025, an increase of \$2.8 million from \$27.0 million in 2024. For the twelve month period, sales-based compensation expense was \$114.7 million, an increase of \$10.4 million from \$104.3 million in 2024.

Other advisory and business development expenses were \$74.2 million in the fourth quarter of 2025, compared to \$68.9 million in 2024, an increase of \$5.3 million. Other advisory and business development expenses were \$275.8 million in the twelve months

Table 13: Mortgage Banking Operations – IG Wealth Management

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Total mortgage banking income					
Net interest income on securitized loans					
Interest income	\$ 49.2	\$ 50.2	\$ 49.7	(2.0)%	(1.0)%
Interest expense	44.7	45.9	47.0	(2.6)	(4.9)
Net interest income	4.5	4.3	2.7	4.7	66.7
Gains (losses) on sales ⁽¹⁾	1.4	1.2	0.7	16.7	100.0
Fair value adjustments	(0.4)	0.3	(0.9)	N/M	55.6
Other	4.3	4.1	4.5	4.9	(4.4)
	\$ 9.8	\$ 9.9	\$ 7.0	(1.0)%	40.0 %
Average mortgages serviced					
Securitizations	\$ 4,789	\$ 4,841	\$ 4,964	(1.1)%	(3.5)%
Other	2,064	2,036	1,820	1.4	13.4
	\$ 6,853	\$ 6,877	\$ 6,784	(0.3)%	1.0 %
Mortgage sales to: ⁽²⁾					
Securitizations	\$ 372	\$ 443	\$ 434	(16.0)%	(14.3)%
Other ⁽¹⁾	161	233	74	(30.9)	117.6
	\$ 533	\$ 676	\$ 508	(21.2)%	4.9 %

Twelve months ended (\$ millions)	Change			
	2025 Dec. 31	2024 Dec. 31		
Total mortgage banking income				
Net interest income on securitized loans				
Interest income	\$ 198.1	\$ 184.1	7.6 %	
Interest expense	185.1	172.3	7.4	
Net interest income	13.0	11.8	10.2	
Gains (losses) on sales ⁽¹⁾	5.4	1.2	N/M	
Fair value adjustments	(2.3)	(10.4)	77.9	
Other	14.8	23.4	(36.8)	
	\$ 30.9	\$ 26.0	18.8 %	
Average mortgages serviced				
Securitizations	\$ 4,903	\$ 4,756	3.1 %	
Other	1,944	2,005	(3.0)	
	\$ 6,847	\$ 6,761	1.3 %	
Mortgage sales to: ⁽²⁾				
Securitizations	\$ 1,472	\$ 1,612	(8.7)%	
Other ⁽¹⁾	771	121	N/M	
	\$ 2,243	\$ 1,733	29.4 %	

(1) Represents sales to institutional investors through private placements and to IG Mackenzie Mortgage and Short Term Income Fund, as well as gains (losses) realized on those sales.

(2) Represents principal amounts sold.

ended December 31, 2025, an increase of \$11.8 million from \$264.0 million in 2024. The increase in both periods was primarily due to higher compensation paid on the distribution of insurance products.

Operations and support includes costs that support our wealth management and other general and administrative functions such as product management, technology and operations, as well as other functional business units and corporate expenses. Operations and support expenses were \$119.6 million for the fourth quarter of 2025, compared to \$118.2 million in 2024, an increase of \$1.4 million. For the twelve month period, operations and support expenses were \$475.1 million in 2025, compared to \$462.1 million in 2024, an increase of \$13.0 million or 2.8%.

Sub-advisory expenses were \$57.4 million for the fourth quarter of 2025, compared to \$50.5 million in 2024, an increase of \$6.9 million or 13.7%. For the twelve month period, sub-advisory expenses were \$215.9 million in 2025, compared to \$191.4 million in 2024, an increase of \$24.5 million or 12.8%. The change in both periods was primarily due to changes in AUM.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled \$26.0 million in the fourth quarter of 2025, unchanged from 2024. For the twelve month period, interest expense totalled \$103.2 million, compared to \$103.3 million in 2024. Long-term debt interest expense is calculated based on an allocation of IGM Financial's long-term debt of \$1.95 billion to IG Wealth Management.

Q4 2025 vs. Q3 2025

Fee Income

Advisory fee income increased by \$15.1 million to \$383.2 million in the fourth quarter of 2025, compared to the third quarter of 2025. The increase in advisory fees in the fourth quarter was primarily due to an increase in average AUA of 4.8% for the quarter, as shown in Table 9, partially offset by a decrease in the advisory fee rate. The average advisory fee rate for the fourth quarter was 96.3 basis points of average AUA, compared to 97.0 basis points in the third quarter. Fee rates are determined based on client AUA levels and the average rate will fluctuate based on changes in a client's AUA as well as product mix.

Product and program fees were \$300.0 million in the fourth quarter of 2025, an increase of \$14.4 million from \$285.6 million in the third quarter of 2025. The increase

was primarily due to an increase in average AUM of 4.8%, as shown in Table 10. The average product and program fee rate was 85.3 basis points of AUM, compared to 85.2 basis points from the third quarter. The increase in rate is due to product mix as certain funds and products earn different rates.

Other financial planning revenues of \$53.0 million in the fourth quarter of 2025 increased by \$5.9 million from \$47.1 million in the third quarter due to higher revenues on the distribution of insurance products.

Expenses

Advisory and business development expenses in the current quarter were \$307.1 million, an increase of \$20.0 million from \$287.1 million in the previous quarter. The increase is primarily due to increased asset-based compensation as a result of higher AUA and higher commissions on the sale of insurance products.

Operations and support expenses were \$119.6 million for the fourth quarter of 2025, compared to \$122.0 million in the previous quarter as a result of timing of certain expenses.

Wealth Management Strategic Investments

Wealth Management strategic investment's adjusted net earnings are presented within Table 14. Adjusted net earnings for the fourth quarter of 2025 were \$10.8 million, compared to (\$2.4) million in 2024 and \$2.9 million in the prior quarter. Adjusted net earnings for the year ended December 31, 2025 were \$8.9 million, compared to (\$12.0) million in 2024.

The Company's share of Rockefeller's earnings of (\$10.0) million in the twelve month period ending December 31, 2024 excluded the Company's proportionate share of one-time debt refinancing costs of \$3.3 million related to the early repayment of one of Rockefeller's financing facilities, which has been reclassified to other items as detailed in Table 3.

Table 14: Operating Results – Wealth Management Strategic Investments

				Change	
Three months ended (\$ millions)	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Revenues					
Proportionate share of associates' earnings					
Rockefeller	\$ 12.2	\$ 2.9	\$ (2.5)	N/M %	N/M %
Other	–	0.3	0.1	(100.0)	(100.0)
	12.2	3.2	(2.4)	281.3	N/M
Expenses					
Operations and support	0.3	0.2	0.2	50.0	50.0
Adjusted earnings before income taxes ⁽¹⁾	11.9	3.0	(2.6)	296.7	N/M
Income taxes	1.1	0.1	(0.2)	N/M	N/M
Adjusted net earnings⁽¹⁾	\$ 10.8	\$ 2.9	\$ (2.4)	272.4 %	N/M %
Twelve months ended (\$ millions)			2025 Dec. 31	2024 Dec. 31	Change
Revenues					
Proportionate share of associates' earnings					
Rockefeller			\$ 10.1	\$ (10.0)	N/M %
Other			1.2	(0.1)	N/M
			11.3	(10.1)	N/M
Expenses					
Operations and support			1.0	0.9	11.1
Adjusted earnings before income taxes ⁽¹⁾			10.3	(11.0)	N/M
Income taxes			1.4	1.0	40.0
Adjusted net earnings⁽¹⁾			\$ 8.9	\$ (12.0)	N/M %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Asset Management

The Asset Management segment includes Mackenzie Investments and strategic investments in ChinaAMC and Northleaf.

Asset Management revenue reflects:

- **Net asset management fees – third party** includes fees received from our investment funds and fees from third parties for investment management services. Compensation paid to dealers offsets the fees earned.
- **Asset management fees – Wealth Management** includes fees received from the Wealth Management segment. Wealth Management is considered a client of the Asset Management segment and transfer

pricing is based on values for similar sized asset management mandates.

- **Proportionate share of associates' earnings** is the Company's proportionate share of earnings from the equity investments in ChinaAMC and Northleaf.

Assets managed by Mackenzie for IG Wealth Management are included in the Asset Management segment's AUM.

Debt and interest expense is allocated to each IGM Financial segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income taxes are also reported in each segment.

Review of the Business

Mackenzie Investments is a diversified asset management solutions provider founded in 1967. We provide investment management and related services with a wide range of investment mandates through a boutique structure and multiple distribution channels. We are committed to delivering strong investment performance for our clients by drawing on more than 50 years of investment management experience.

Mackenzie earns asset management fees primarily from:

- Management fees earned from its investment funds, sub-advised accounts and institutional clients.
- Fees earned from its mutual funds for administrative services.
- Redemption fees on deferred sales charge and low load units.

The largest component of Mackenzie's revenues is management fees. The amount of management fees depends on the level and composition of AUM. Management fee rates vary depending on the investment objective and the account type of the underlying AUM. Equity based mandates have higher management fee rates than fixed income mandates and retail mutual fund accounts have higher management fee rates than exchange traded funds, sub-advised accounts and institutional accounts.

Founded in 1998 as one of the first fund management companies in China, ChinaAMC has developed and

maintained a position among the market leaders in China's asset management industry. ChinaAMC drives for growth through product innovation and offering multi-asset investment solutions and services to a diversified group of retail and institutional clients.

Northleaf is a global private equity, private credit and infrastructure fund manager headquartered in Toronto. Northleaf seeks to deliver high absolute risk-adjusted returns from access to value creation outside public markets.

Mackenzie Investments

Strategy

Mackenzie's mission is to create a more invested world, together.

Mackenzie's objective is to become Canada's preferred global asset management solutions provider and business partner.

Mackenzie's strategic mandates are: win Canadian retail; build meaningful strategic partnerships; and develop presence in underpenetrated channels with a targeted approach. We achieve our strategic mandates with the following focus areas:

- Continuously improving distribution with a segmented approach;

- Delivering competitive risk adjusted investment performance;
- Advancing brand leadership;
- Creating innovative and relevant products and solutions;
- Encouraging a sustainable future;
- Ensuring operational excellence and efficiency;
- Fostering a high performing, diverse and winning culture.

Our focus areas drive future business growth. We aim to achieve this by being committed to the success of our clients, attracting and fostering the best minds in the investment industry, maintaining a boutique investment approach, having an innovative and future-oriented product focus, and being responsible in everything we do.

Our investment management capabilities are delivered through a boutique structure, with separate in-house teams having distinct focuses and diverse styles. Our research and portfolio management teams are located in Toronto, Montreal, Winnipeg, Vancouver, Boston, Dublin and Hong Kong. In addition, our ownership interest in Northleaf enhances our investment capabilities by offering global private equity, private credit and infrastructure investment solutions to our clients and our ownership interest in ChinaAMC offers our clients access to Chinese capital markets. We also supplement our investment capabilities with strategic partners (third party sub-advisors) in selected areas. The development of a broad range of investment capabilities and products is a key strength in supporting the evolving financial needs of investors.

Our business focuses on three key distribution channels: retail, strategic alliances and institutional.

Mackenzie primarily distributes its retail investment products through third-party financial advisors. Our sales teams work with many of the more than 30,000 independent financial advisors and their firms across Canada. Our innovative, comprehensive lineup of investment solutions covers all asset classes and parts of the globe. We offer a range of relevant products and investment solutions designed to help advisors meet the evolving needs of their clients. We regularly introduce new funds and we may merge or streamline our fund offerings to provide enhanced investment solutions.

In addition to our retail distribution team, Mackenzie also has specialty teams focused on strategic alliances and the institutional marketplace.

Within the strategic alliance channel, Mackenzie offers certain series of our mutual funds and provides sub-advisory services to third-party and related party investment programs offered by banks, insurance companies and other investment companies. Strategic alliances with related parties include providing advisory services to IG Wealth Management and Lifeco subsidiaries. Mackenzie partners with Wealthsimple to distribute ETFs through their product shelf. Mackenzie also serves as one of two exclusive investment solutions providers to PFSL Investment Canada Ltd. (Primerica) and offers a suite of 28 funds designed to address the specific needs of Primerica advisors and their clients. Within the strategic alliance channel, Mackenzie's primary distribution relationship is with the head office of the respective bank, insurance company or investment company.

In the institutional channel, Mackenzie provides investment management services to pension plans, foundations and other institutions. We attract new institutional business through our relationships with pension and management consultants.

Gross sales and redemption activity in strategic alliance and institutional accounts can be more pronounced than in the retail channel, given the relative size and the nature of the distribution relationships of these accounts. These accounts are also subject to ongoing reviews and rebalance activities which may result in a significant change in the level of AUM.

Mackenzie continues to be positioned to build and enhance our distribution relationships given our team of experienced investment professionals, strength of our distribution network, broad product shelf, competitively priced products and our focus on client experience and investment excellence.

Investment Management

Mackenzie has \$244.0 billion in AUM at December 31, 2025, including \$92.8 billion of sub-advisory mandates to the Wealth Management segment.

We continue to deliver our investment offerings through a boutique structure, with separate in-house investment teams which each have a distinct focus and investment approach. Our investment team currently consists of 16 boutiques. This boutique approach promotes diversification of styles and ideas and provides Mackenzie with a breadth of capabilities. Oversight is conducted through a common process intended to promote superior risk-adjusted returns over time. This oversight process focuses on i) identifying

and encouraging each team's performance edge, ii) promoting best practices in portfolio construction, and iii) emphasizing risk management.

Mackenzie's 56% economic interest in Northleaf enhances its investment capabilities by offering global private equity, private credit and infrastructure investment solutions to our clients.

In addition to our own investment teams, Mackenzie supplements investment capabilities through the use of third party sub-advisors and strategic beta index providers in selected areas. These include Putnam Investments and ChinaAMC. With the offering of the suite of 28 FuturePath Funds for Primerica, the following third party sub-advisors were added: 1832 Asset Management, Addenda, Brandywine, Blackrock, and T. Rowe Price. Barrow, Hanley, Mewhinney & Strauss was also added as a sub-advisor, with the launch of the Mackenzie Global Value Fund and the Mackenzie US Mid Cap Value Fund early in the fourth quarter of 2025.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At December 31, 2025, 47.5% of Mackenzie mutual fund assets were rated in the top two performance quartiles for the one year time frame, 47.1% for the three year time frame and 55.8% for the five year time frame. Mackenzie also monitors its fund performance relative to the ratings it receives on its mutual funds from the Morningstar[†] fund ranking service. At December 31, 2025, 77.9% of Mackenzie mutual fund assets measured by Morningstar[†] had a rating of three stars or better and 46.0% had a rating of four or five stars. This compared to the Morningstar[†] universe of 87.8% for three stars or better and 56.7% for four and five star funds at December 31, 2025.

Products

Mackenzie continues to evolve its product shelf by providing enhanced investment solutions for financial advisors to offer their clients. During 2025, Mackenzie launched eleven mutual funds, nine ETFs and one Alternative Fund in collaboration with Northleaf Capital Partners (Northleaf).

Mutual Funds

Mackenzie manages its product shelf through new fund launches and fund mergers to streamline fund offerings for advisors and investors.

During the fourth quarter of 2025, three mutual funds were launched:

- Mackenzie Global Value Fund

- Mackenzie US Mid Cap Value Fund
- Mackenzie GQE International Equity Fund

Alternative Funds

Mackenzie currently has ten alternative funds, including five products in collaboration with Northleaf as part of its ongoing commitment to expand retail investor access to private market investment solutions.

During the fourth quarter of 2025, the Mackenzie Northleaf Multi-Asset Private Market Fund was launched. This fund provides access to a diversified portfolio of private equity, private credit, and infrastructure investments, aiming for enhanced portfolio diversification and risk-adjusted returns.

Exchange Traded Funds

Exchange Traded Funds (ETF) complement Mackenzie's broad and innovative fund line-up and reflect its investor-focused vision to provide advisors and investors with new solutions to drive investor outcomes and achieve their personal goals. These ETFs offer investors another investment option when building long-term diversified portfolios.

Mackenzie's current line-up consists of 59 ETFs: 32 active and strategic beta ETFs and 27 traditional index ETFs. ETF AUM ended the quarter at \$24.1 billion, inclusive of \$11.7 billion in investments from IGM managed products. This ranks Mackenzie in eighth place in the Canadian ETF industry for AUM.

Asset Management AUM

AUM is a key performance indicator for the Asset Management segment.

The changes in total AUM are summarized in Table 15 and the changes in investment fund AUM are summarized in Table 16. Assets managed for the Wealth Management segment are included in total AUM.

Asset Management AUM including strategic investments were \$427.5 billion at December 31, 2025, compared to \$366.1 billion at December 31, 2024. Strategic investments AUM is based on the Company's interest in these companies.

At December 31, 2025, Mackenzie's total AUM were \$244.0 billion, an increase of 14.4% from \$213.3 billion last year. Mackenzie's total third party AUM were \$151.1 billion, an increase of 16.3% from \$129.9 billion last year. The change in Mackenzie's AUM is determined by investment returns and net contributions from our clients.

Table 15: Change in Total AUM – Asset Management

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Mackenzie AUM excluding sub-advisory to Canada Life and the Wealth Management segment					
Net sales (redemptions)					
Mutual funds	\$ (514)	\$ (219)	\$ (699)	(134.7)%	26.5 %
ETF net creations	2,505	626	322	N/M	N/M
Investment funds ⁽¹⁾⁽²⁾⁽³⁾	1,991	407	(377)	N/M	N/M
Sub-advisory, institutional and other accounts ⁽⁴⁾	(519)	1,552	68	N/M	N/M
Total net sales (redemptions)	1,472	1,959	(309)	(24.9)	N/M
Investment returns	792	5,207	1,479	(84.8)	(46.5)
Net change in assets	2,264	7,166	1,170	(68.4)	93.5
Beginning assets	90,360	83,194	75,898	8.6	19.1
Ending assets	\$ 92,624	\$ 90,360	\$ 77,068	2.5 %	20.2 %
Mackenzie consolidated AUM					
Mutual funds	\$ 65,671	\$ 65,766	\$ 61,435	(0.1)%	6.9 %
ETFs	12,462	9,911	7,258	25.7	71.7
Investment funds ⁽¹⁾⁽²⁾	78,133	75,677	68,693	3.2	13.7
Sub-advisory, institutional and other accounts	14,491	14,683	8,375	(1.3)	73.0
	92,624	90,360	77,068	2.5	20.2
Sub-advisory to Canada Life	58,525	56,368	52,879	3.8	10.7
Third party AUM	151,149	146,728	129,947	3.0	16.3
Sub-advisory and AUM to Wealth Management ⁽²⁾	92,837	92,759	83,369	0.1	11.4
Consolidated AUM	\$ 243,986	\$ 239,487	\$ 213,316	1.9 %	14.4 %
Strategic investments ending AUM					
ChinaAMC	\$ 164,404	\$ 163,386	\$ 135,173	0.6 %	21.6 %
Northleaf	19,582	19,273	17,926	1.6	9.2
Intra-segment eliminations	(435)	(380)	(361)	(14.5)	(20.5)
	\$ 183,551	\$ 182,279	\$ 152,738	0.7 %	20.2 %
Consolidated ending AUM including strategic investments	\$ 427,537	\$ 421,766	\$ 366,054	1.4 %	16.8 %
Mackenzie average total AUM⁽⁵⁾					
Third party AUM	\$ 149,727	\$ 141,206	\$ 129,964	6.0 %	15.2 %
Consolidated	243,233	230,744	213,890	5.4	13.7

(1) Investment fund AUM and net sales exclude investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.

(2) Mackenzie investment fund products sold through IG Wealth Management are included in Sub-advisory and AUM to Wealth Management.

(3) Investment funds:

2025 Q4 – An institutional client made portfolio construction changes within their offering that resulted in an allocation of \$1.6 billion into Mackenzie ETFs.

Q1 – An institutional investor which includes Mackenzie mutual funds in its product offerings made fund allocation changes resulting in redemptions of \$144 million.

(4) Sub-advisory, institutional and other accounts:

2025 Q4 – An institutional client re-assigned sub-advisory responsibilities totalling \$345 million on a mandate advised upon by Mackenzie as part of an overall asset allocation decision. Mackenzie continues to sub-advise on this mandate.

Q3 – Mackenzie onboarded institutional mandates of \$1.7 billion.

Q2 – An institutional investor redeemed \$320 million within products that Mackenzie sub-advise.

Q1 – Mackenzie onboarded institutional mandates of \$3.6 billion.

(5) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.

Table 15: Change in Total AUM – Asset Management (continued)

<i>Twelve months ended</i> (\$ millions)	2025 Dec. 31	2024 Dec. 31	Change
Mackenzie AUM excluding sub-advisory to Canada Life and the Wealth Management segment			
Net sales (redemptions)			
Mutual funds	\$ (1,799)	\$ (2,700)	33.4 %
ETF net creations	4,299	1,088	N/M
Investment funds ⁽¹⁾⁽²⁾⁽³⁾	2,500	(1,612)	N/M
Sub-advisory, institutional and other accounts ⁽⁴⁾⁽⁵⁾	4,237	(389)	N/M
Total net sales (redemptions)	6,737	(2,001)	N/M
Investment returns	8,819	9,787	(9.9)
Net change in assets	15,556	7,786	99.8
Beginning assets	77,068	69,282	11.2
Ending assets	\$ 92,624	\$ 77,068	20.2 %
Mackenzie average total AUM⁽⁶⁾			
Third party AUM	\$ 139,038	\$ 124,861	11.4 %
Consolidated	227,437	205,479	10.7

(1) Investment fund AUM and net sales exclude investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.

(2) Mackenzie investment fund products sold through IG Wealth Management are included in Sub-advisory and AUM to Wealth Management.

(3) Investment funds:

2025 Q4 – An institutional client made portfolio construction changes within their offering that resulted in an allocation of \$1.6 billion into Mackenzie ETFs.

Q1 – An institutional investor which includes Mackenzie mutual funds in its product offerings made fund allocation changes resulting in redemptions of \$144 million.

(4) Sub-advisory, institutional and other accounts:

2025 Q4 – An institutional client re-assigned sub-advisory responsibilities totalling \$345 million on a mandate advised upon by Mackenzie as part of an overall asset allocation decision. Mackenzie continues to sub-advise on this mandate.

Q3 – Mackenzie onboarded institutional mandates of \$1.7 billion.

Q2 – An institutional investor redeemed \$320 million within products that Mackenzie sub-advise.

Q1 – Mackenzie onboarded institutional mandates of \$3.6 billion.

(5) IG Wealth Management pension plan redemptions from IG Wealth Management mutual funds were re-allocated into a separately managed account managed by Mackenzie:

2025 Q2 – \$24 million

2024 Q1 – \$177 million

(6) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.

At December 31, 2025, ChinaAMC's AUM was RMB¥ 3,014.5 billion (\$591.4 billion), compared to RMB¥ 2,464.5 billion (\$486.2 billion) at December 31, 2024, an increase of 22.3% (CAD 21.6%). Mackenzie holds a 27.8% interest in ChinaAMC.

At December 31, 2025, Northleaf's AUM was \$35.0 billion, compared to \$32.0 billion at December 31, 2024, an increase of 9.4%. Mackenzie holds a 56% economic interest in Northleaf.

Mackenzie Investments AUM

Change in AUM – 2025 vs. 2024

Mackenzie's total AUM at December 31, 2025 of \$244.0 billion, a record quarter end high, increased 14.4% from \$213.3 billion at December 31, 2024. Third party AUM were \$151.1 billion, an increase of 16.3% from \$129.9 billion at December 31, 2024.

Investment fund AUM were \$78.1 billion at December 31, 2025, compared to \$68.7 billion at December 31, 2024,

an increase of 13.7%. Mackenzie's mutual fund AUM of \$65.7 billion increased by 6.9% from \$61.4 billion at December 31, 2024. Mackenzie's ETF assets excluding ETFs held within IGM Financial's managed products were \$12.5 billion at December 31, 2025, an increase of 71.7% from \$7.3 billion at December 31, 2024. ETF assets inclusive of IGM Financial's managed products were \$24.1 billion at December 31, 2025 compared to \$15.5 billion at December 31, 2024.

In the three months ended December 31, 2025, Mackenzie's mutual fund gross sales were \$2.8 billion, an increase of 27.6%, compared to \$2.2 billion in 2024. Mutual fund redemptions in the current quarter were \$3.3 billion, an increase of 14.5% from last year. Mutual fund net redemptions for the three months ended December 31, 2025 were \$514 million, compared to net redemptions of \$699 million last year. In the three months ended December 31, 2025, ETF net creations were \$2.5 billion, compared to \$322 million last year.

Table 16: Change in Investment Fund AUM – Mackenzie Investments⁽¹⁾

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Sales	\$ 2,792	\$ 2,293	\$ 2,188	21.8 %	27.6 %
Redemptions	3,306	2,512	2,887	31.6	14.5
Mutual fund net sales (redemptions)	(514)	(219)	(699)	(134.7)	26.5
ETF net creations	2,505	626	322	N/M	N/M
Investment fund net sales (redemptions)⁽²⁾⁽³⁾⁽⁴⁾	1,991	407	(377)	N/M	N/M
Investment returns	465	4,099	1,251	(88.7)	(62.8)
Net change in assets	2,456	4,506	874	(45.5)	181.0
Beginning assets	75,677	71,171	67,819	6.3	11.6
Ending assets	\$ 78,133	\$ 75,677	\$ 68,693	3.2 %	13.7 %
Consists of:					
Mutual funds	\$ 65,671	\$ 65,766	\$ 61,435	(0.1)%	6.9 %
ETFs	12,462	9,911	7,258	25.7	71.7
Investment funds ⁽³⁾	\$ 78,133	\$ 75,677	\$ 68,693	3.2 %	13.7 %
Daily average investment fund assets	\$ 77,502	\$ 73,047	\$ 68,715	6.1 %	12.8 %

Twelve months ended (\$ millions)	2025 Dec. 31	2024 Dec. 31	Change
Sales	\$ 9,826	\$ 8,499	15.6 %
Redemptions	11,625	11,199	3.8
Mutual fund net sales (redemptions)	(1,799)	(2,700)	33.4
ETF net creations	4,299	1,088	N/M
Investment fund net sales (redemptions)⁽²⁾⁽³⁾⁽⁴⁾	2,500	(1,612)	N/M
Investment returns	6,940	8,390	(17.3)
Net change in assets	9,440	6,778	39.3
Beginning assets	68,693	61,915	10.9
Ending assets	\$ 78,133	\$ 68,693	13.7 %
Daily average investment fund assets	\$ 72,161	\$ 65,608	10.0 %

(1) Investment fund AUM and net sales excludes investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.

(2) Total investment fund net sales and AUM exclude Mackenzie mutual fund investments in ETFs.

(3) Mackenzie investment fund products sold through IG Wealth Management are included in Sub-advisory and AUM to Wealth Management.

(4) Investment funds:

2025 Q4 – An institutional client made portfolio construction changes within their offering that resulted in an allocation of \$1.6 billion into Mackenzie ETFs.

Q1 – An institutional investor which includes Mackenzie mutual funds in its product offerings made fund allocation changes resulting in redemptions of \$144 million.

Investment fund net sales in the current quarter were \$2.0 billion, compared to net redemptions of \$377 million last year. During the current quarter, investment returns resulted in investment fund assets increasing by \$465 million compared to an increase of \$1.3 billion last year.

In the fourth quarter of 2025, an institutional client made portfolio construction changes within their offering that resulted in an allocation of \$1.6 billion into Mackenzie ETFs. Excluding this transaction, investment fund net sales in the current period were \$441 million compared to net redemptions of \$377 million last year.

Total net sales excluding sub-advisory to Canada Life and to the Wealth Management segment for the three months ended December 31, 2025 were \$1.5 billion, compared to net redemptions of \$309 million last year. During the current quarter, investment returns resulted in assets increasing by \$792 million, compared to an increase of \$1.5 billion last year.

In the fourth quarter of 2025, an institutional client re-assigned sub-advisory responsibilities totalling \$345 million on a mandate advised upon by Mackenzie as part of an overall asset allocation decision. Mackenzie continues to sub-advise on this mandate. Excluding this transaction and the ETF allocations described above, net

sales were \$267 million in the current period compared to net redemptions of \$309 million last year.

In the twelve months ended December 31, 2025, Mackenzie's mutual fund gross sales were \$9.8 billion, an increase of 15.6% from \$8.5 billion in 2024. Mutual fund redemptions in the current period were \$11.6 billion, an increase of 3.8% from last year. Mutual fund net redemptions for the year ended December 31, 2025 were \$1.8 billion, compared to net redemptions of \$2.7 billion in 2024. In the year ended December 31, 2025, ETF net creations were \$4.3 billion, compared to \$1.1 billion last year. Investment fund net sales in the current period were \$2.5 billion, compared to net redemptions of \$1.6 billion last year. During the current period, investment returns resulted in investment fund assets increasing by \$6.9 billion, compared to an increase of \$8.4 billion last year.

Redemptions of long-term mutual funds in the three and twelve months ended December 31, 2025, were \$3.3 billion and \$11.3 billion, respectively, compared to \$2.8 billion and \$10.9 billion last year. Mackenzie's annualized quarterly redemption rate for long-term mutual funds was 19.6% in the fourth quarter of 2025, compared to 18.4% in the fourth quarter of 2024. Mackenzie's twelve month trailing redemption rate for long-term mutual funds was 18.0% at December 31, 2025, compared to 18.7% last year. The corresponding average twelve month trailing redemption rate for long-term mutual funds for all other members of SIMA was approximately 15.1% at December 31, 2025. Mackenzie's twelve month trailing redemption rate is comprised of the weighted average redemption rate for front-end load assets, deferred sales charge and low load assets with redemption fees, and deferred sales charge assets without redemption fees (matured assets). Generally, redemption rates for front-end load assets and matured assets are higher than the redemption rates for deferred sales charge and low load assets with redemption fees.

In the first quarter of 2025, an institutional investor which includes Mackenzie mutual funds in its product offerings made fund allocation changes resulting in redemptions of \$144 million. Excluding this transaction, mutual fund redemptions increased by 2.5% in the twelve months ended December 31, 2025, compared to last year, and mutual fund net redemptions were \$1.7 billion, compared to net redemptions of \$2.7 billion last year.

Excluding the first quarter and fourth quarter transactions described above, investment fund net sales were

\$1.1 billion in the twelve months ended December 31, 2025 compared to net redemptions of \$1.6 billion last year.

Total net sales excluding sub-advisory to Canada Life and to the Wealth Management segment for the twelve months ended December 31, 2025 were \$6.7 billion, compared to net redemptions of \$2.0 billion in 2024. During the twelve month period, investment returns resulted in assets increasing by \$8.8 billion, compared to an increase of \$9.8 billion last year.

During the twelve months ended December 31, 2025, Mackenzie onboarded institutional mandates of \$5.3 billion, institutional investors redeemed \$665 million within products that Mackenzie sub-advises and the IG Wealth Management pension plan redeemed \$24 million from IG Wealth Management mutual funds that was re-allocated into a separately managed account managed by Mackenzie. During the first quarter of 2024, the IG Wealth Management pension plan redeemed \$177 million from IG Wealth Management mutual funds that was re-allocated into a separately managed account managed by Mackenzie. Excluding these transactions and the mutual fund and ETF allocation changes described above, net redemptions were \$1.8 billion in the twelve months ended December 31, 2025, compared to net redemptions of \$2.2 billion last year.

As at December 31, 2025, Mackenzie's sub-advisory to Canada Life were \$58.5 billion, compared to \$52.9 billion at December 31, 2024.

As at December 31, 2025, Mackenzie's sub-advisory and AUM to the Wealth Management segment were \$92.8 billion or 66.9% of Wealth Management AUM excluding strategic investments, compared to \$83.4 billion or 67.7% of Wealth Management AUM excluding strategic investments at December 31, 2024.

Change in AUM – Q4 2025 vs. Q3 2025

Mackenzie's total AUM at December 31, 2025 were \$244.0 billion, an increase of 1.9% from \$239.5 billion at September 30, 2025. Third party AUM were \$151.1 billion, an increase of 3.0% from \$146.7 billion at September 30, 2025.

Investment fund AUM were \$78.1 billion at December 31, 2025, an increase of 3.2% from \$75.7 billion at September 30, 2025. Mackenzie's mutual fund AUM were \$65.7 billion at December 31, 2025, a decrease of 0.1% from \$65.8 billion at September 30, 2025. Mackenzie's ETF assets were \$12.5 billion at December 31, 2025, compared to \$9.9 billion at September 30, 2025. ETF assets inclusive of IGM Financial's managed products

were \$24.1 billion at December 31, 2025, compared to \$21.0 billion at September 30, 2025.

For the quarter ended December 31, 2025, Mackenzie mutual fund gross sales were \$2.8 billion, an increase of 21.8% from the third quarter of 2025. Mutual fund redemptions were \$3.3 billion, an increase of 31.6% from the third quarter of 2025. Net redemptions of Mackenzie mutual funds for the current quarter were \$514 million, compared to net redemptions of \$219 million in the previous quarter.

Redemptions of long-term mutual fund assets in the current quarter were \$3.3 billion, compared to \$2.4 billion the third quarter. Mackenzie's annualized quarterly redemption rate for long-term mutual funds for the current quarter was 19.6%, compared to 15.3% in the third quarter.

For the quarter ended December 31, 2025, Mackenzie ETF net creations were \$2.5 billion, compared to \$626 million in the third quarter.

Investment fund net sales in the current quarter were \$2.0 billion, compared to net sales of \$407 million in the third quarter.

As at December 31, 2025, Mackenzie's sub-advisory to Canada Life were \$58.5 billion, compared to \$56.4 billion at September 30, 2025.

As at December 31, 2025, Mackenzie's sub-advisory and AUM to the Wealth Management segment were \$92.8 billion or 66.9% of Wealth Management AUM excluding strategic investments, compared to \$92.8 billion or 67.2% of Wealth Management AUM excluding strategic investments at September 30, 2025.

Review of Segment Operating Results

The Asset Management segment's adjusted net earnings are presented in Table 17 and include the operations of Mackenzie Investments and earnings related to strategic investments.

Mackenzie Investments

Mackenzie Investments' adjusted net earnings are presented in Table 18. Adjusted net earnings for the fourth quarter of 2025 were \$60.4 million, a decrease of 2.4% from the fourth quarter in 2024 and a decrease of 11.4% from the prior quarter. Adjusted net earnings for the year ended December 31, 2025 were \$239.0 million, an increase of 1.9% from 2024.

Adjusted earnings before interest and taxes for the fourth quarter of 2025 were \$88.6 million, a decrease of

2.0% from the fourth quarter in 2024 and a decrease of 10.4% from the prior quarter. Adjusted earnings before interest and taxes for the year ended December 31, 2025 were \$350.5 million, an increase of 1.8% from 2024.

2025 vs. 2024

Revenues

Asset management fees are classified as either Asset management fees – third party or Asset management fees – Wealth Management.

- Net asset management fees – third party is comprised of the following:
 - Asset management fees – third party consists of management and administration fees earned from our investment funds and management fees from

Table 17: Operating Results – Asset Management

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Revenues					
Asset management					
Asset management fees – third party	\$ 270.5	\$ 264.0	\$ 256.6	2.5 %	5.4 %
Redemption fees	1.1	0.4	0.4	175.0	175.0
	271.6	264.4	257.0	2.7	5.7
Dealer compensation expenses					
Asset-based compensation	(86.5)	(84.6)	(84.0)	2.2	3.0
Net asset management fees – third party	185.1	179.8	173.0	2.9	7.0
Asset management fees – Wealth Management	35.5	33.8	31.3	5.0	13.4
Net asset management	220.6	213.6	204.3	3.3	8.0
Net investment income and other	2.0	6.7	8.5	(70.1)	(76.5)
Proportionate share of associates' earnings	32.9	47.6	29.2	(30.9)	12.7
	255.5	267.9	242.0	(4.6)	5.6
Expenses					
Advisory and business development	30.2	22.0	24.2	37.3	24.8
Operations and support	102.6	98.3	97.1	4.4	5.7
Sub-advisory	1.7	1.6	1.6	6.3	6.3
	134.5	121.9	122.9	10.3	9.4
Adjusted earnings before interest and taxes ⁽¹⁾	121.0	146.0	119.1	(17.1)	1.6
Interest expense	6.6	6.5	6.5	1.5	1.5
Adjusted earnings before income taxes ⁽¹⁾	114.4	139.5	112.6	(18.0)	1.6
Income taxes	23.7	28.6	24.4	(17.1)	(2.9)
Adjusted net earnings ⁽¹⁾	90.7	110.9	88.2	(18.2)	2.8
Non-controlling interest	2.1	0.3	0.7	N/M	200.0
Adjusted net earnings available to common shareholders⁽¹⁾	\$ 88.6	\$ 110.6	\$ 87.5	(19.9)%	1.3 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Table 17: Operating Results – Asset Management (continued)

<i>Twelve months ended</i> (\$ millions)	2025 Dec. 31	2024 Dec. 31	Change
Revenues			
Asset management			
Asset management fees – third party	\$ 1,034.4	\$ 985.2	5.0 %
Redemption fees	2.4	2.4	–
	1,036.8	987.6	5.0
Dealer compensation expenses			
Asset-based compensation	(335.7)	(325.3)	3.2
Net asset management fees – third party	701.1	662.3	5.9
Asset management fees – Wealth Management	133.0	120.6	10.3
Net asset management	834.1	782.9	6.5
Net investment income and other	15.2	23.2	(34.5)
Proportionate share of associates' earnings	158.5	133.1	19.1
	1,007.8	939.2	7.3
Expenses			
Advisory and business development	99.8	86.8	15.0
Operations and support	394.8	372.1	6.1
Sub-advisory	6.1	5.7	7.0
	500.7	464.6	7.8
Adjusted earnings before interest and taxes ⁽¹⁾	507.1	474.6	6.8
Interest expense	26.0	26.1	(0.4)
Adjusted earnings before income taxes ⁽¹⁾	481.1	448.5	7.3
Income taxes	97.7	94.2	3.7
Adjusted net earnings ⁽¹⁾	383.4	354.3	8.2
Non-controlling interest	6.0	3.9	53.8
Adjusted net earnings available to common shareholders⁽¹⁾	\$ 377.4	\$ 350.4	7.7 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

our third party sub-advisory, institutional and other accounts. The largest component is management fees from our investment funds. The amount of management fees depends on the level and composition of AUM. Management fee rates vary depending on the investment objective and the account type of the underlying AUM. For example, equity-based mandates have higher management fee rates than exchange traded funds, fixed income mandates and retail mutual fund accounts have higher management fee rates than sub-advised and institutional accounts. The majority of Mackenzie's mutual fund assets are retail and sold through third party financial advisors.

- Redemption fees – consists of fees earned from the redemptions of mutual fund assets sold on a deferred sales charge purchase option and on a low load purchase option. Redemption fees charged for deferred sales charge assets range from 5.5% in

the first year and decrease to zero after seven years. Redemption fees for low load assets range from 2.0% to 3.0% in the first year and decrease to zero after two or three years, depending on the purchase option.

- Dealer compensation expenses – consists of asset-based compensation. Asset-based compensation represents trailing commissions paid to dealers on certain classes of retail mutual funds and are calculated as a percentage of mutual fund AUM. These fees vary depending on the fund type and the purchase option upon which the fund was sold: front-end, deferred sales charge or low load.
- Asset management fees – Wealth Management consists of sub-advisory fees earned from the Wealth Management segment.

Net asset management fees – third party were \$185.1 million for the three months ended December 31, 2025, an increase of \$12.1 million or 7.0% from \$173.0 million last year. The increase in net asset

Table 18: Operating Results – Mackenzie Investments

Three months ended (\$ millions)	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	Change	
				2025 Sep. 30	2024 Dec. 31
Revenues					
Asset management					
Asset management fees – third party	\$ 270.5	\$ 264.0	\$ 256.6	2.5 %	5.4 %
Redemption fees	1.1	0.4	0.4	175.0	175.0
	271.6	264.4	257.0	2.7	5.7
Dealer compensation expenses					
Asset-based compensation	(86.5)	(84.6)	(84.0)	2.2	3.0
Net asset management fees – third party	185.1	179.8	173.0	2.9	7.0
Asset management fees – Wealth Management	35.5	33.8	31.3	5.0	13.4
Net asset management	220.6	213.6	204.3	3.3	8.0
Net investment income and other	2.0	6.7	8.5	(70.1)	(76.5)
	222.6	220.3	212.8	1.0	4.6
Expenses					
Advisory and business development	30.2	22.0	24.2	37.3	24.8
Operations and support	102.1	97.8	96.6	4.4	5.7
Sub-advisory	1.7	1.6	1.6	6.3	6.3
	134.0	121.4	122.4	10.4	9.5
Adjusted earnings before interest and taxes ⁽¹⁾	88.6	98.9	90.4	(10.4)	(2.0)
Interest expense	6.6	6.5	6.5	1.5	1.5
Adjusted earnings before income taxes ⁽¹⁾	82.0	92.4	83.9	(11.3)	(2.3)
Income taxes	21.6	24.2	22.0	(10.7)	(1.8)
Adjusted net earnings ⁽¹⁾	\$ 60.4	\$ 68.2	\$ 61.9	(11.4)%	(2.4)%
Twelve months ended (\$ millions)					
	2025 Dec. 31	2024 Dec. 31	Change		
Revenues					
Asset management					
Asset management fees – third party	\$ 1,034.4	\$ 985.2	5.0 %		
Redemption fees	2.4	2.4	–		
	1,036.8	987.6	5.0		
Dealer compensation expenses					
Asset-based compensation	(335.7)	(325.3)	3.2		
Net asset management fees – third party	701.1	662.3	5.9		
Asset management fees – Wealth Management	133.0	120.6	10.3		
Net asset management	834.1	782.9	6.5		
Net investment income and other	15.2	24.0	(36.7)		
	849.3	806.9	5.3		
Expenses					
Advisory and business development	99.8	86.8	15.0		
Operations and support	392.9	370.2	6.1		
Sub-advisory	6.1	5.7	7.0		
	498.8	462.7	7.8		
Adjusted earnings before interest and taxes ⁽¹⁾	350.5	344.2	1.8		
Interest expense	26.0	26.1	(0.4)		
Adjusted earnings before income taxes ⁽¹⁾	324.5	318.1	2.0		
Income taxes	85.5	83.6	2.3		
Adjusted net earnings ⁽¹⁾	\$ 239.0	\$ 234.5	1.9 %		

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

management fees – third party was primarily due to a 15.2% increase in average AUM, as shown in Table 15, partially offset by a decrease in the net asset management fee rate. Mackenzie's net asset management fee rate was 49.0 basis points for the three months ended December 31, 2025, compared to 52.8 basis points in the comparative period in 2024. The decrease in rate was driven by a change in the composition of AUM, including the impact of having a greater share in non-retail priced products. Contributing to the increase in non-retail assets was the onboarding of \$5.3 billion of institutional AUM during 2025 and higher AUM through our partnership with Wealthsimple and Primerica.

Net asset management fees – third party were \$701.1 million for the twelve months ended December 31, 2025, an increase of \$38.8 million or 5.9% from \$662.3 million last year. The increase in net asset management fees – third party was due to a 11.4% increase in average AUM, as shown in Table 15, partially offset by a decrease in the net management fee rate and one less calendar day in the twelve month period of 2025, compared to the same period in 2024. Mackenzie's net asset management fee rate was 50.0 basis points for the twelve months ended December 31, 2025, compared to 52.9 basis points in the comparative period in 2024. The decrease in rate was driven by a change in the composition of AUM, including the impact of having a greater share in non-retail priced products. Contributing to the increase in non-retail assets was the onboarding of \$5.3 billion of institutional AUM during 2025 and higher AUM through our partnership with Wealthsimple and Primerica.

Asset management fees – Wealth Management were \$35.5 million for the three months ended December 31, 2025, an increase of \$4.2 million or 13.4% from \$31.3 million last year. The increase in management fees was primarily due to an 11.4% increase in average AUM. Mackenzie's management fee rate was 15.0 basis points for the three months ended December 31, 2025, compared to 14.8 basis points in the comparative period in 2024.

Asset management fees – Wealth Management were \$133.0 million for the twelve months ended December 31, 2025, an increase of \$12.4 million or 10.3% from \$120.6 million last year. The increase in management fees was primarily due to a 9.7% increase in average AUM. Mackenzie's management fee rate was 15.0 basis points for the twelve months ended December 31, 2025, compared to 14.9 basis points in the comparative period in 2024.

Net investment income and other primarily includes investment returns related to Mackenzie's investments in proprietary funds. These investments are generally made in the process of launching a fund and are sold as third party investors subscribe. Net investment income and other was \$2.0 million for the three months ended December 31, 2025 compared to \$8.5 million last year, and was \$15.2 million for the twelve months ended December 31, 2025 compared to \$24.0 million last year.

Expenses

Mackenzie incurs advisory and business development expenses that primarily include wholesale distribution activities and these costs vary directly with assets or sales levels. Advisory and business development expenses were \$30.2 million for the three months ended December 31, 2025, an increase of \$6.0 million or 24.8% from \$24.2 million in 2024. Expenses for the twelve months ended December 31, 2025 were \$99.8 million, an increase of \$13.0 million or 15.0% from \$86.8 million last year. The increase in the three and twelve month periods was primarily attributed to higher wholesaler commissions consistent with the increase in investment fund net sales.

Operations and support includes costs associated with business operations, including technology and business processes, in-house investment management and product shelf management, corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses. Operations and support expenses were \$102.1 million for the three months ended December 31, 2025, an increase of \$5.5 million or 5.7% from \$96.6 million in 2024. Expenses for the twelve months ended December 31, 2025 were \$392.9 million, an increase of \$22.7 million or 6.1% from \$370.2 million last year.

Sub-advisory expenses were \$1.7 million for the three months ended December 31, 2025, compared to \$1.6 million in 2024. Expenses for the twelve months ended December 31, 2025 were \$6.1 million, compared to \$5.7 million last year.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled \$6.6 million in the fourth quarter of 2025, compared to \$6.5 million in the comparative period in 2024. Interest expense for the twelve month period was \$26.0 million compared to \$26.1 million in 2024. Long-term debt interest expense is calculated based

on an allocation of IGM Financial's long-term debt of \$450 million to Mackenzie.

Q4 2025 vs. Q3 2025

Revenues

Net asset management fees – third party were \$185.1 million for the current quarter, an increase of \$5.3 million or 2.9% from \$179.8 million in the third quarter of 2025. Factors contributing to the net increase were:

- Average AUM were \$149.7 billion in the current quarter, an increase of 6.0% from the prior quarter.
- Net asset management fee rate was 49.0 basis points for the current quarter compared to 50.5 basis points in the third quarter.

Asset management fees – Wealth Management were \$35.5 million, an increase of 5.0% from \$33.8 million in the third quarter. The increase is primarily due to a 4.4% increase in average AUM. The asset management fee rate was 15.0 basis points in the current quarter, unchanged from the third quarter.

Net investment income and other was \$2.0 million for the current quarter, compared to \$6.7 million in the third quarter.

Expenses

Advisory and business development expenses were \$30.2 million for the current quarter, compared to \$22.0 million in the third quarter. The increase in the fourth quarter was primarily attributed to higher

wholesaler commissions consistent with the increase in net investment fund net sales.

Operations and support expenses were \$102.1 million for the current quarter, compared to \$97.8 million in the third quarter.

Sub-advisory expenses were \$1.7 million for the current quarter, compared to \$1.6 million in the third quarter.

Asset Management Strategic Investments

Asset Management strategic investment's adjusted net earnings are presented within Table 19. Adjusted net earnings for the fourth quarter of 2025 were \$28.2 million, compared to \$25.6 million in 2024 and \$42.4 million in the prior quarter. Adjusted net earnings for the year ended December 31, 2025 were \$138.4 million, compared to \$115.9 million in 2024.

The proportionate share of associates' earnings consists of equity earnings from ChinaAMC and Northleaf.

The Company's share of ChinaAMC's earnings were \$22.0 million in the fourth quarter of 2025, compared to \$25.4 million in the comparable period in 2024, and were \$128.4 million in the twelve month period of 2025, compared to \$113.5 million in 2024.

The Company's share of Northleaf's earnings were \$10.9 million in the fourth quarter of 2025, compared to \$3.8 million in the comparable period in 2024, and were \$30.1 million in the twelve month period of 2025, compared to \$19.6 million in 2024. This is offset by non-controlling interest as reflected in the table.

Table 19: Operating Results – Asset Management Strategic Investments

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Revenues					
Net investment income and other	\$ –	\$ –	\$ –	– %	– %
Proportionate share of associates' earnings					
ChinaAMC	22.0	46.1	25.4	(52.3)	(13.4)
Northleaf	10.9	1.5	3.8	N/M	186.8
	32.9	47.6	29.2	(30.9)	12.7
	32.9	47.6	29.2	(30.9)	12.7
Expenses					
Operations and support	0.5	0.5	0.5	–	–
Adjusted earnings before income taxes ⁽¹⁾	32.4	47.1	28.7	(31.2)	12.9
Income taxes	2.1	4.4	2.4	(52.3)	(12.5)
Adjusted net earnings ⁽¹⁾	30.3	42.7	26.3	(29.0)	15.2
Non-controlling interest	2.1	0.3	0.7	N/M	200.0
Adjusted net earnings available to common shareholders⁽¹⁾	\$ 28.2	\$ 42.4	\$ 25.6	(33.5)%	10.2 %
Twelve months ended (\$ millions)	Change				
	2025 Dec. 31	2024 Dec. 31			
Revenues					
Net investment income and other	\$ –	\$ (0.8)			100.0 %
Proportionate share of associates' earnings					
ChinaAMC	128.4	113.5			13.1
Northleaf	30.1	19.6			53.6
	158.5	133.1			19.1
	158.5	132.3			19.8
Expenses					
Operations and support	1.9	1.9			–
Adjusted earnings before income taxes ⁽¹⁾	156.6	130.4			20.1
Income taxes	12.2	10.6			15.1
Adjusted net earnings ⁽¹⁾	144.4	119.8			20.5
Non-controlling interest	6.0	3.9			53.8
Adjusted net earnings available to common shareholders⁽¹⁾	\$ 138.4	\$ 115.9			19.4 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Corporate and Other

Review of Segment Operating Results

The Corporate and Other segment includes the Company's investments in Lifeco and Portage Ventures LPs (Portage), and unallocated capital.

Adjusted earnings from the Corporate and Other segment include the Company's proportionate share of Lifeco's base earnings, an alternate measure Lifeco uses to understand the underlying business performance compared to IFRS net earnings. Lifeco's financial information can be obtained in its disclosure materials filed on www.sedarplus.ca. Net investment income on unallocated capital and consolidation elimination entries are also included in this segment.

At December 31, 2025, the Company held a 2.4% equity interest in Lifeco. IGM Financial and Lifeco are controlled by Power.

Portage is a global fintech venture capital investment strategy focused on early to late stage opportunities in insurance, consumer & SMB finance, wealth & asset management, and fintech enablers and is controlled by Power.

In addition to Lifeco and other investments held by the Company, the Corporate and Other segment includes unallocated capital which totalled \$996.5 million at December 31, 2025, compared to \$531.3 million at December 31, 2024, as detailed in Table 20.

Unallocated capital represents capital not allocated to any of the operating companies and which would be available for investment, debt repayment, distribution to shareholders or other corporate purposes. This capital is invested in highly liquid, high quality financial instruments in accordance with the Company's Investment Policy.

Corporate and Other segment adjusted net earnings are presented in Table 21.

2025 vs. 2024

The proportionate share of Lifeco's base earnings was \$31.1 million, an increase of \$4.8 million in the fourth quarter of 2025 compared to the fourth quarter of 2024, and were \$112.6 million for the twelve month period of 2025, compared to \$100.0 million in 2024. The proportionate share of Lifeco's net earnings was \$26.0 million in the fourth quarter of 2025, a decrease of \$0.3 million compared to the fourth quarter of 2024, and were \$94.4 million for the twelve month period of 2025, an increase of \$1.3 million compared to last year. These earnings reflect the proportionate share of equity earnings from Lifeco, as discussed in the Consolidated Financial Position section of this MD&A.

Net investment income and other was \$5.8 million in the fourth quarter of 2025, an increase of \$0.3 million from \$5.5 million in 2024. For the twelve month period, net investment income and other was \$19.1 million, an increase of \$1.7 million from \$17.4 million in 2024.

Q4 2025 vs. Q3 2025

The proportionate share of Lifeco's base earnings was \$31.1 million in the fourth quarter of 2025, an increase of \$1.6 million from the third quarter of 2025. The proportionate share of Lifeco's net earnings was \$26.0 million, a decrease of \$0.4 million from the third quarter of 2025.

Table 20: Total Assets – Corporate and Other

(\$ millions)	2025 Dec. 31	2024 Dec. 31
Investments in associate		
Lifeco	\$ 670.0	\$ 633.5
FVTOCI investments		
Portage and other investments	206.6	151.6
Unallocated capital	996.5	531.3
Total assets	\$ 1,873.1	\$ 1,316.4
<i>Lifeco fair value</i>	\$ 1,498.2	\$ 1,053.9

Table 21: Operating Results – Corporate and Other

Three months ended (\$ millions)	Change				
	2025 Dec. 31	2025 Sep. 30	2024 Dec. 31	2025 Sep. 30	2024 Dec. 31
Revenues					
Wealth Management	\$ (4.5)	\$ (4.0)	\$ (2.8)	(12.5)%	(60.7)%
Asset management	(28.4)	(27.5)	(26.7)	(3.3)	(6.4)
Dealer compensation expense	(1.8)	(1.6)	(1.2)	12.5	50.0
Net asset management	(30.2)	(29.1)	(27.9)	(3.8)	(8.2)
Net investment income and other	5.8	4.6	5.5	26.1	5.5
Proportionate share of Lifeco's base earnings	31.1	29.5	26.3	5.4	18.3
	2.2	1.0	1.1	120.0	100.0
Expenses					
Operations and support	0.2	0.6	1.0	(66.7)	(80.0)
Sub-advisory	(34.6)	(33.2)	(30.9)	(4.2)	(12.0)
	(34.4)	(32.6)	(29.9)	(5.5)	(15.1)
Adjusted earnings before income taxes ⁽¹⁾	36.6	33.6	31.0	8.9	18.1
Income taxes	1.5	1.2	1.4	25.0	7.1
Adjusted net earnings ⁽¹⁾	\$ 35.1	\$ 32.4	\$ 29.6	8.3 %	18.6 %
Twelve months ended (\$ millions)	2025 Dec. 31	2024 Dec. 31	Change		
Revenues					
Wealth Management	\$ (15.4)	\$ (9.5)	(62.1)%		
Asset management	(108.7)	(105.5)	(3.0)		
Dealer compensation expense	(6.2)	(3.9)	59.0		
Net asset management	(114.9)	(109.4)	(5.0)		
Net investment income and other	19.1	17.4	9.8		
Proportionate share of Lifeco's base earnings	112.6	100.0	12.6		
	1.4	(1.5)	N/M		
Expenses					
Operations and support	2.5	2.6	(3.8)		
Sub-advisory	(130.3)	(119.0)	(9.5)		
	(127.8)	(116.4)	(9.8)		
Adjusted earnings before income taxes ⁽¹⁾	129.2	114.9	12.4		
Income taxes	4.5	4.0	12.5		
Adjusted net earnings ⁽¹⁾	\$ 124.7	\$ 110.9	12.4 %		

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's total assets were \$22.4 billion at December 31, 2025, compared to \$20.7 billion at December 31, 2024.

Other Investments

The composition of the Company's securities holdings is detailed in Table 22.

Fair Value Through Other Comprehensive Income (FVTOCI)

Gains and losses on FVTOCI investments are recorded in Other comprehensive income.

Corporate Investments

Corporate investments is primarily comprised of the Company's investments in Wealthsimple and Portage and are recorded at FVTOCI.

The total fair value of Corporate investments was \$2,413 million at December 31, 2025, compared to \$1,350 million at December 31, 2024, and is presented net of certain costs incurred within the limited partnership structures holding the underlying investments.

Wealthsimple Financial Corp.

Wealthsimple is a financial company that provides simple digital tools for growing and managing client money. The Company's investment in Wealthsimple is primarily held through a limited partnership controlled by Power. The investment is classified at FVTOCI. IGM Financial Inc. holds a 25.5% economic interest in Wealthsimple (December 31, 2024 – 27.2%).

On October 31, 2025, the Company participated in a \$550 million primary equity offering by Wealthsimple, investing \$100 million. A secondary transaction involving third party investors and totalling \$190 million closed on December 19, 2025.

At December 31, 2025, the fair value of the Company's investment in Wealthsimple was \$2,258 million, compared to \$1,219 million at December 31, 2024. The increase in fair value during the year considers recent transactions, increase in public market peer valuations, as well as Wealthsimple's business performance and revenue expectations. Fair value is determined by using observable transactions in the investments' securities where available, discounted cash flows, and other valuation metrics, including revenue multiples used in the valuation of comparable public companies.

Wealthsimple's total assets under administration were \$111.3 billion at December 31, 2025, representing an increase of 74.0% from \$64.0 billion at December 31, 2024.

Fair Value Through Profit or Loss (FVTPL)

Securities classified as FVTPL include equity securities and proprietary investment funds. Gains and losses are recorded in Net investment income and other in the Consolidated Statements of Earnings.

Certain proprietary investment funds are consolidated where the Company has made the assessment that it controls the investment fund. The underlying securities of these funds are classified as FVTPL.

Table 22: Other Investments

(\$ millions)	December 31, 2025		December 31, 2024	
	Cost	Fair Value	Cost	Fair Value
Fair value through other comprehensive income				
Corporate investments	\$ 403.3	\$ 2,412.9	\$ 289.9	\$ 1,350.4
Fair value through profit or loss				
Equity securities	–	–	1.8	2.0
Proprietary investment funds	107.7	109.2	107.8	116.1
	107.7	109.2	109.6	118.1
	\$ 511.0	\$ 2,522.1	\$ 399.5	\$ 1,468.5

Loans

The composition of the Company's loans is detailed in Table 23.

Loans consisted of residential mortgages, which include HELOCs, and represented 23.5% of total assets at December 31, 2025, compared to 26.4% at December 31, 2024.

Loans measured at amortized cost are primarily comprised of residential mortgages sold to securitization programs sponsored by third parties that in turn issue securities to investors. An offsetting liability, Obligations to securitization entities, has been recorded and totalled \$4.8 billion at December 31, 2025, compared to \$5.0 billion at December 31, 2024.

The Company holds loans pending sale or securitization. Loans measured at FVTPL are residential mortgages held temporarily by the Company pending sale. Loans held for securitization are carried at amortized cost. Total loans being held pending sale or securitization are \$492.9 million at December 31, 2025, compared to \$405.7 million at December 31, 2024.

Residential mortgages originated by IG Wealth Management are funded primarily through sales to third parties on a fully serviced basis, including Canada Mortgage and Housing Corporation (CMHC) or Canadian bank sponsored securitization programs. At December 31, 2025, IG Wealth Management serviced \$6.8 billion of residential mortgages.

Securitization Arrangements

Through the Company's mortgage banking operations, residential mortgages are sold to securitization trusts sponsored by third parties that in turn issue securities to investors. The Company securitizes residential mortgages through the CMHC sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) and the Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. The Company retains servicing responsibilities and certain elements of credit risk and

prepayment risk associated with the transferred assets. The Company's credit risk on its securitized mortgages is partially mitigated through the use of insurance. Derecognition of financial assets in accordance with IFRS is based on the transfer of risks and rewards of ownership. As the Company has retained prepayment risk and certain elements of credit risk associated with the Company's securitization transactions through the CMB and ABCP programs, they are accounted for as secured borrowings. The Company records the transactions under these programs as follows: i) the mortgages and related obligations are carried at amortized cost, with interest income and interest expense, utilizing the effective interest rate method, recorded over the term of the mortgages, ii) the component of swaps entered into under the CMB Program whereby the Company pays coupons on Canada Mortgage Bonds and receives investment returns on the reinvestment of repaid mortgage principal, are recorded at fair value, and iii) cash reserves held under the ABCP program are carried at amortized cost.

In the fourth quarter of 2025, the Company securitized loans through its mortgage banking operations with cash proceeds of \$363.3 million, compared to \$423.9 million in 2024. Additional information related to the Company's securitization activities, including the Company's hedges of related reinvestment and interest rate risk, can be found in the Financial Risk section of this MD&A and in Note 7 to the Consolidated Financial Statements.

Investment in Associates

The Company uses the equity method to account for its investments in associates, which include Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Rockefeller Capital Management (Rockefeller), and Northleaf Capital Group Ltd. (Northleaf), as it exercises significant influence. Changes in the carrying values for the year ended December 31, 2025 compared to 2024 are shown in Table 24.

Table 23: Loans

(\$ millions)	2025 Dec. 31	2024 Dec. 31
Amortized cost	\$ 5,262.8	\$ 5,463.2
Allowance for expected credit losses	(0.7)	(0.8)
	\$ 5,262.1	\$ 5,462.4

Table 24: Investment in Associates

(\$ millions)	December 31, 2025						December 31, 2024					
	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total
Three months ended												
Carrying value, October 1	\$ 663.6	\$ 2,052.5	\$ 871.6	\$ 462.7	\$ 60.6	\$ 4,111.0	\$ 619.1	\$ 1,956.6	\$ 852.0	\$ 309.7	\$ 59.3	\$ 3,796.7
Additions	–	–	–	(1.7)	–	(1.7)	–	–	–	40.0	–	40.0
Return of capital and other	–	–	(374.0)	–	(10.9)	(384.9)	–	–	–	–	–	–
Dividends	(13.5)	–	–	–	–	(13.5)	(12.3)	–	–	–	–	(12.3)
Proportionate share of:												
Earnings (losses) ⁽¹⁾⁽²⁾	26.0	22.0	12.2	10.9	–	71.1	26.3	25.4	(2.5)	3.8	0.1	53.1
Other comprehensive income (loss) and other adjustments	(6.1)	6.7	(29.1)	–	–	(28.5)	0.4	48.1	53.7	–	–	102.2
Carrying value, December 31	\$ 670.0	\$ 2,081.2	\$ 480.7	\$ 471.9	\$ 49.7	\$ 3,753.5	\$ 633.5	\$ 2,030.1	\$ 903.2	\$ 353.5	\$ 59.4	\$ 3,979.7
Twelve months ended												
Carrying value, January 1	\$ 633.5	\$ 2,030.1	\$ 903.2	\$ 353.5	\$ 59.4	\$ 3,979.7	\$ 589.3	\$ 1,885.3	\$ 844.8	\$ 301.8	\$ 38.0	\$ 3,659.2
Additions	–	–	–	100.2	–	100.2	–	–	0.1	40.0	21.5	61.6
Return of capital and other	–	–	(374.0)	–	(10.9)	(384.9)	–	–	–	–	–	–
Dividends	(54.0)	(66.0)	–	(8.7)	–	(128.7)	(49.2)	(72.9)	–	(7.9)	–	(130.0)
Proportionate share of:												
Earnings (losses) ⁽¹⁾⁽²⁾⁽³⁾	94.4	128.4	10.1	30.1	1.2	264.2	93.1	113.5	(13.3)	19.6	(0.1)	212.8
Other comprehensive income (loss) and other adjustments	(3.9)	(11.3)	(58.6)	(3.2)	–	(77.0)	0.3	104.2	71.6	–	–	176.1
Carrying value, December 31	\$ 670.0	\$ 2,081.2	\$ 480.7	\$ 471.9	\$ 49.7	\$ 3,753.5	\$ 633.5	\$ 2,030.1	\$ 903.2	\$ 353.5	\$ 59.4	\$ 3,979.7

(1) The proportionate share of earnings from the Company's investment in associates is recorded in either the Wealth Management, Asset Management or Corporate and Other segment. The proportionate share of Lifeco earnings includes Lifeco other items of (\$5.1) million and (\$18.2) million for the three and twelve month periods of 2025, respectively, compared to nil and (\$6.9) million for the same periods in 2024.

(2) The Company's proportionate share of Northleaf's earnings, net of non-controlling interest, was \$8.8 million and \$24.1 million for the three and twelve month periods of 2025, respectively, compared to \$3.1 million and \$15.7 million for the same periods in 2024.

(3) The proportionate share of Rockefeller includes Rockefeller debt refinancing of (\$3.3) million for the twelve month period of 2024.

Great-West Lifeco Inc.

At December 31, 2025, the Company held a 2.4% equity interest in Lifeco. IGM Financial and Lifeco are controlled by Power.

China Asset Management Co., Ltd.

At December 31, 2025, the Company held a 27.8% equity interest in ChinaAMC. The change in Other comprehensive income of negative \$11.3 million in the twelve months ended December 31, 2025, was due to a 0.6% depreciation of the Chinese yuan relative to the Canadian dollar.

ChinaAMC's total assets under management, excluding subsidiary assets under management, were RMB¥ 3,014.5 billion (\$591.4 billion) at December 31, 2025,

representing an increase of 22.3% (CAD 21.6%) from RMB¥ 2,464.5 billion (\$486.2 billion) at December 31, 2024. Investment fund net flows, which exclude subsidiary and institutional assets under management, were RMB¥ 32.8 billion and RMB¥ 192.7 billion for the three months and year ended December 31, 2025, respectively (net flows obtained from Wind Information Co., Ltd.).

Rockefeller Capital Management

At December 31, 2025, the Company held a 17.2% equity interest in Rockefeller, compared to 20.5% at December 31, 2024. The change in Other comprehensive income of negative \$58.6 million in the twelve months ended December 31, 2025, was due

to a 4.9% depreciation of the US dollar relative to the Canadian dollar.

In December 2025, the Company closed transactions with Rockefeller, receiving total proceeds of \$394.2 million comprised primarily of a return of capital, as well as an equity sale. The Company's interest decreased to 17.2% due to the equity sale and adjustment to certain previously issued share-based awards. As a result, the investment's carrying value decreased and a gain was recognized in the Consolidated Statements of Earnings.

Rockefeller's client assets were USD \$197.7 billion (\$271.4 billion) at December 31, 2025, representing an increase of 30.8% (CAD 24.7%) from USD \$151.2 billion (\$217.7 billion) at December 31, 2024.

Northleaf Capital Group Ltd.

At December 31, 2025, the Company held a 49.9% voting interest and a 56% economic interest in Northleaf, net of Lifeco's Non-controlling interest.

Mackenzie and Lifeco have an obligation and right to purchase the remaining equity and voting interest

in Northleaf beginning in the fourth quarter of 2025, and extending into future periods.

The October 2020 acquisition included additional consideration payable at the end of five years from the transaction date, subject to Northleaf achieving exceptional growth in certain performance measures over the period. During the fourth quarter of 2025, final consideration of \$140.2 million was achieved and paid, and is reflected in the carrying value of the Company's investment as an addition of \$100.2 million and \$40.0 million in 2025 and 2024, respectively. The portion attributable to Non-controlling interest was \$20.0 million in 2025 (2024 – \$8.0 million).

Northleaf's assets under management, including invested capital and uninvested commitments, were \$35.0 billion as at December 31, 2025, representing an increase of \$3.0 billion or 9.4% from \$32.0 billion at December 31, 2024. The increase during the twelve month period was driven by \$5.8 billion in new commitments, offset in part by a decrease of \$1.5 billion related to return of capital and a decrease of \$1.3 billion related to foreign exchange on USD denominated assets.

Consolidated Liquidity and Capital Resources

Liquidity

Cash and cash equivalents totalled \$1,274.2 million at December 31, 2025 compared with \$910.3 million at December 31, 2024.

Client funds on deposit represents cash balances held by clients within their investment accounts and with the offset included in Client deposits.

Working capital, which consists of current assets less current liabilities, totalled \$987.7 million at December 31, 2025 compared with \$605.1 million at December 31, 2024 (Table 25).

Working capital, which includes unallocated capital, is utilized to:

- Finance ongoing operations, including the funding of sales commissions.
- Temporarily finance mortgages in its mortgage banking operations.
- Pay interest related to long-term debt.
- Maintain liquidity requirements for regulated entities.
- Pay quarterly dividends on its outstanding common shares.
- Finance common share repurchases and retirement of long-term debt.
- Capital investment in the business and business acquisitions.

IGM Financial continues to generate significant cash flows from its operations. Earnings before interest, taxes, depreciation and amortization before sales commissions (EBITDA before sales commissions), a non-IFRS measure (see Non-IFRS Financial Measures and Other Financial

Measures), totalled \$1,756.5 million for the year ended December 31, 2025, compared to \$1,547.3 million for 2024. EBITDA before sales commissions excludes the impact of both commissions paid and commission amortization (Table 1).

Earnings before interest, taxes, depreciation and amortization after sales commissions (EBITDA after sales commissions), a non-IFRS measure (see Non-IFRS Financial Measures and Other Financial Measures), totalled \$1,628.3 million for the year ended December 31, 2025, compared to \$1,417.6 million for 2024. EBITDA after sales commissions excludes the impact of commission amortization (Table 1).

Refer to the Financial Instruments Risk section of this MD&A for information related to other sources of liquidity and to the Company's exposure to and management of liquidity and funding risk.

Cash Flows

Table 26 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which forms part of the Consolidated Financial Statements for the year ended December 31, 2025. Cash and cash equivalents increased by \$363.9 million in 2025 compared to an increase of \$365.7 million in 2024.

Adjustments to determine net cash from operating activities during the year ended 2025 compared to 2024 consist of non-cash operating activities offset by cash operating activities:

- Add-back of amortization of capitalized sales commissions offset by the deduction of capitalized sales commissions paid.

Table 25: Working Capital

As at December 31 (\$ millions)	2025	2024
Current assets		
Cash and cash equivalents	\$ 1,274.2	\$ 910.3
Client funds on deposit	4,316.7	3,723.7
Accounts receivable and other assets	451.1	364.7
Current portion of securitized mortgages and other	1,331.9	1,307.1
	7,373.9	6,305.8
Current liabilities		
Accounts and other payables	801.4	797.1
Client deposits	4,299.1	3,702.5
Current portion of obligations to securitization entities and other	1,285.7	1,201.1
	6,386.2	5,700.7
Working capital	\$ 987.7	\$ 605.1

- Add-back of amortization of capital, intangible and other assets.
- Deduction of investment in associates' equity earnings offset by dividends received.
- Add-back of pension and other post-employment benefits offset by cash contributions.
- Changes in operating assets and liabilities and other.
- Deduction of restructuring provision cash payments.

Financing activities during the year ended December 31, 2025 compared to 2024 related to:

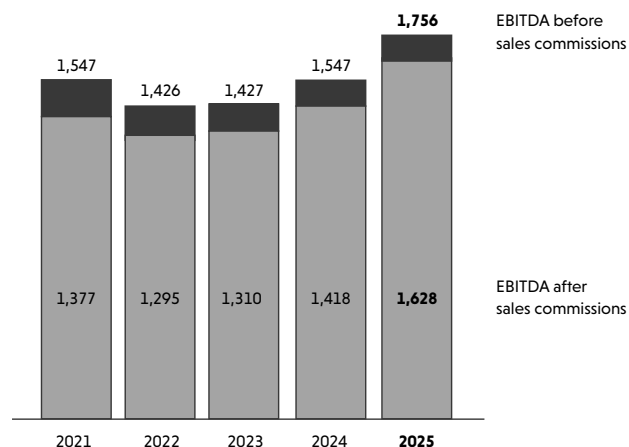
- An increase in obligations to securitization entities of \$1,442.9 million and repayments of obligations to securitization entities of \$1,684.3 million in 2025 compared to an increase in obligations to securitization entities of \$1,591.8 million and repayments of obligations to securitization entities of \$1,271.9 million in 2024.
- The issuance of 3,134,535 common shares with proceeds of \$119.7 million in 2025, compared to 2,835,500 common shares with proceeds of \$110.2 million in 2024.
- The purchase of 5,875,500 common shares in 2025 under IGM Financial's normal course issuer bid at a cost of \$293.8 million, compared to purchase of 3,088,400 common shares at a cost of \$122.5 million in 2024.
- The payment of regular common share dividends which totalled \$532.9 million in 2025 compared to \$534.0 million in 2024.

Investing activities during the year ended December 31, 2025 compared to 2024 primarily related to:

- Purchases of other investments totalling \$234.0 million and sales of other investments with proceeds of \$146.8 million in 2025 compared to \$99.4 million and \$108.5 million, respectively, in 2024.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)⁽¹⁾

For the financial year (\$ millions)



EBITDA before and after sales commissions excluded the following:

- 2021 – additional consideration receivable related to the sale of Personal Capital in 2020.
- 2022 – Lifeco other items
- 2023 – the gain on sale of IPC, gain on sale of Lifeco, Lifeco IFRS 17 adjustment, restructuring and other and Lifeco other items.
- 2024 – Lifeco other items and Rockefeller's one-time debt refinancing costs
- 2025 – Lifeco other items and gain on partial sales of investment in associates

(1) A Non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

- Increase in loans of \$1,974.8 million with repayments of loans and other of \$2,178.3 million in 2025 compared to \$1,582.3 million and \$1,218.1 million, respectively, in 2024, primarily related to residential mortgages in the Company's mortgage banking operations.

Table 26: Cash Flows

<i>Twelve months ended (\$ millions)</i>	2025 Dec. 31	2024 Dec. 31	Change
Operating activities			
Earnings before income taxes	\$ 1,440.9	\$ 1,209.6	19.1 %
Income taxes paid	(317.0)	(194.2)	(63.2)
Adjustments to determine net cash from operating activities	(88.9)	77.0	N/M
	1,035.0	1,092.4	(5.3)
Financing activities	(972.1)	(252.9)	(284.4)
Investing activities	301.0	(473.8)	N/M
Change in cash and cash equivalents	363.9	365.7	(0.5)
Cash and cash equivalents, beginning of year	910.3	544.6	67.2
Cash and cash equivalents, end of year	\$ 1,274.2	\$ 910.3	40.0 %

- Net cash used in additions to intangible assets and acquisitions and other was \$70.9 million in 2025 compared to \$87.3 million in 2024.
- Additional investment in Northleaf in the amount of \$112.2 million.
- Proceeds from return of capital and partial sales of investment in associates in the amount of \$416.9 million.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income totalled \$1.9 billion at December 31, 2025, compared to \$1.1 billion at December 31, 2024, as detailed in Table 27.

Other comprehensive income of \$841.1 million related to Other investments in 2025 is primarily due to a change in fair value of Wealthsimple of 77%.

In 2025, IGM Financial disposed of 75% of its investment in Conquest Planning Inc. for \$24.8 million and realized gains in Other investments of \$21.8 million (\$18.9 million after-tax) which were transferred from Accumulated other comprehensive income to Other retained earnings.

Other comprehensive income for Investment in associates in 2025 was primarily related to foreign exchange translation.

Capital Resources

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory capital requirements, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid

capital base and a strong balance sheet. Capital of the Company consists of long-term debt and shareholders' equity which totalled \$11.3 billion at December 31, 2025, compared to \$10.2 billion at December 31, 2024. The Company regularly assesses its capital management practices in response to changing economic conditions.

The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Company, business expansion and other strategic objectives. Subsidiaries subject to regulatory capital requirements include investment dealer, exempt market dealer, portfolio managers, investment fund managers and a trust company. These subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. The Company's subsidiaries have complied with all regulatory capital requirements.

The total outstanding long-term debt was \$2.4 billion at December 31, 2025, unchanged from December 31, 2024. Long-term debt is comprised of debentures which are senior unsecured debt obligations of the Company subject to standard covenants, including negative pledges, but which do not include any specified financial or operational covenants.

The Company purchased 5,875,500 common shares during the twelve months ended December 31, 2025 at a cost of \$293.8 million under its Normal Course Issuer Bid (NCIB) (refer to Note 18 to the Consolidated Financial Statements).

The Company commenced an NCIB on December 23, 2025 to purchase for cancellation up to 11.8 million of its common shares. The program will be used to mitigate the dilutive effect of stock options issued under

Table 27: Accumulated Other Comprehensive Income (Loss)

(\$ millions)	Employee Benefits	Other Investments	Investment in Associates and Other	Total
2025				
Balance, January 1	\$ 34.1	\$ 917.3	\$ 118.7	\$ 1,070.1
Other comprehensive income (loss)	(11.3)	841.1	(18.5)	811.3
Disposal of investment in associate	–	–	(2.3)	(2.3)
Transfer out of FVTOCI	–	(19.1)	–	(19.1)
Balance, December 31	\$ 22.8	\$ 1,739.3	\$ 97.9	\$ 1,860.0
2024				
Balance, January 1	\$ (14.0)	\$ 394.0	\$ (63.7)	\$ 316.3
Other comprehensive income (loss)	48.1	523.3	182.4	753.8
Balance, December 31	\$ 34.1	\$ 917.3	\$ 118.7	\$ 1,070.1

the Company's stock option plan and for other capital management purposes. The Company's previous NCIB expired on December 22, 2025 where the Company was authorized to purchase for cancellation up to 6 million of its common shares. The original NCIB was amended on November 13, 2025 to revise the authorized number of shares for repurchase from 5 million to 6 million.

In connection with its NCIB, the Company has established an automatic securities purchase plan (ASPP) for its common shares. The ASPP provides standard instructions regarding how IGM Financial's common shares are to be purchased under the NCIB during certain pre-determined trading blackout periods, subject to pre-established parameters. Outside of these pre-determined trading blackout periods, purchases under the Company's NCIB will be completed based upon management's discretion.

Other activities in 2025 included the declaration of common share dividends of \$531.5 million or \$2.25 per share. Changes in common share capital are reflected in the Consolidated Statements of Changes in Equity.

Standard & Poor's (S&P) current rating on the Company's senior unsecured debentures is "A" with a stable outlook. Morningstar DBRS current rating on the Company's senior unsecured debentures is "A (High)" with a stable rating trend.

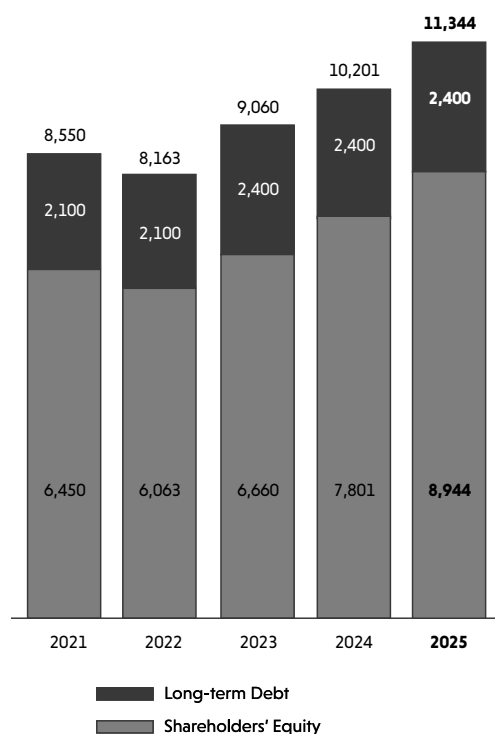
Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites.

These ratings are not a recommendation to buy, sell or hold the securities of the Company 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 organization.

The A rating assigned to IGM Financial's senior unsecured debentures by S&P is the sixth highest of the 22 ratings used for long-term debt. This rating indicates S&P's view that the Company's capacity to meet its financial commitment on the obligation is strong, but the obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories.

Capital

As at December 31 (\$ millions)



The A (High) rating assigned to IGM Financial's senior unsecured debentures by Morningstar DBRS is the fifth highest of the 22 ratings used for long-term debt. Under the Morningstar DBRS long-term rating scale, debt securities rated A (High) are of good credit quality and the capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. Entities in the A (High) category may be vulnerable to future events, but qualifying negative factors are considered manageable.

Financial Instruments

Table 28 presents the carrying amounts and fair values of financial assets and financial liabilities. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. These items include cash and cash equivalents, client funds on deposit, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities, client deposits, and certain other financial liabilities.

Table 28: Financial Instruments

(\$ millions)	December 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets recorded at fair value				
Other investments				
– FVTOCI	\$ 2,412.9	\$ 2,412.9	\$ 1,350.4	\$ 1,350.4
– FVTPL	109.2	109.2	118.1	118.1
Derivative financial instruments	70.0	70.0	36.0	36.0
Financial assets recorded at amortized cost				
Loans				
– Amortized cost	5,262.1	5,389.7	5,462.4	5,491.9
Financial liabilities recorded at fair value				
Derivative financial instruments	15.2	15.2	25.7	25.7
Financial liabilities recorded at amortized cost				
Obligations to securitization entities	4,815.3	4,916.5	5,024.9	5,098.4
Long-term debt	2,400.0	2,441.7	2,400.0	2,485.4

Fair value is determined using the following methods and assumptions:

- Other investments and other financial assets and financial liabilities are valued using quoted prices from active markets, when available. When a quoted market price is not readily available, valuation techniques are used that require assumptions related to discount rates and the timing and amount of future cash flows. Wherever possible, observable market inputs are used in the valuation techniques.
- Loans classified as held for trading are valued using market interest rates for loans with similar credit risk and maturity, specifically lending rates offered to retail borrowers by financial institutions.
- Loans classified as amortized cost are valued by discounting the expected future cash flows at prevailing market yields.
- Valuation methods used for Other investments classified as FVTOCI include comparison to market transactions with arm's length third parties, use of market multiples, and discounted cash flow analysis.
- Obligations to securitization entities are valued by discounting the expected future cash flows at prevailing market yields for securities issued by these securitization entities having similar terms and characteristics.
- Long-term debt is valued using quoted prices for each debenture available in the market.
- Derivative financial instruments are valued based on quoted market prices, where available, prevailing market rates for instruments with similar characteristics and maturities, or discounted cash flow analysis.

See Note 24 of the Consolidated Financial Statements which provides additional discussion on the determination of fair value of financial instruments.

Although there were changes to both the carrying values and fair values of financial instruments, these changes did not have a material impact on the financial condition of the Company for the twelve months ended December 31, 2025.

Risk Management

IGM Financial is exposed to a variety of risks that are inherent in our business activities. Our ability to manage these risks is key to our ongoing success. The Company emphasizes a strong risk management culture and the implementation of an effective risk management approach. Our approach coordinates risk management across the organization and its business units and seeks to ensure prudent and measured risk-taking in order to achieve an appropriate balance between risk and return. Fundamental to our enterprise risk management program is protecting and enhancing our reputation.

Risk Management Framework

The Company's risk management approach is undertaken through our comprehensive Risk Management Framework which is composed of four core elements: risk governance, risk appetite, a defined risk management process, and risk management culture. The Risk Management Framework is approved by the Board of Directors.

Risk Governance

Our risk governance structure emphasizes ownership of risk management in each business unit and oversight by an Executive Risk Management Committee accountable to the Risk Committee of the Board (Risk Committee) and ultimately to the Board of Directors. Additional oversight is provided by the Risk, Compliance and Internal Audit functions.

The Risk Committee provides primary oversight and carries out its risk management mandate. The Risk Committee is responsible for assisting the Board in reviewing and overseeing the risk governance structure and risk management program of the Company by:

- i) ensuring that appropriate procedures are in place to identify and manage risks and establish risk appetite,
- ii) ensuring that appropriate policies, procedures and controls are implemented to manage risks, and
- iii) reviewing the risk management process on a regular basis to ensure that it is functioning effectively.

Other specific risks are managed with the support of the following Board committees:

- The Audit Committee has specific risk oversight responsibilities in relation to financial disclosure, internal controls and the control environment as well as our compliance activities, including administration of the Code of Conduct.

- The Human Resource Committee oversees human resources and talent practices and policies including compensation.
- The Governance and Nominating Committee oversees corporate governance practices.
- The Related Party and Conduct Review Committee oversees conflicts of interest.

Management oversight for risk management resides with the Executive Risk Management Committee which is comprised of the Chief Executive Officers of IGM Financial, IG Wealth Management and Mackenzie Investments, the Chief Financial Officer, the General Counsel, the Chief Operating Officer, the Chief Information Officer, the Chief Human Resources Officer, and the Chief Risk Officer, who reports to the Chief Executive Officer of IGM Financial. The committee is responsible for oversight of IGM Financial's risk management process by: i) establishing and maintaining the risk framework and policies; ii) defining the risk appetite; iii) ensuring our risk profile and processes are aligned with corporate strategy and risk appetite; and iv) establishing "tone at the top" and reinforcing a strong culture of risk management.

The Chief Executive Officers of the operating companies have overall responsibility for overseeing risk management of their respective companies.

The Company has assigned responsibility for risk management using the Three Lines of Defence model, with the First Line reflecting the business units having primary responsibility for risk management, supported by Second Line risk management functions and a Third Line (the Internal Audit function) providing assurance and validation of the design and effectiveness of the Risk Management Framework.

First Line of Defence

The leaders of the various business units and support functions have primary ownership and accountability for the ongoing risk management associated with their respective activities. Responsibilities of business unit and support function leaders include: i) executing and maintaining procedures for the identification, assessment, documentation and escalation of risks, ii) implementing control activities to mitigate risks, iii) identifying opportunities for risk reduction or transfer, and iv) aligning business and operational strategies with the risk culture and risk appetite of the organization

as established by the Executive Risk Management Committee.

Second Line of Defence

The Risk function, overseen by the Chief Risk Officer, provides oversight, analysis and reporting to the Executive Risk Management Committee on the level of risks relative to the established risk appetite for all activities of the Company. Other responsibilities include: i) developing and maintaining the risk management program and framework, ii) managing the risk management process, and iii) providing guidance and training to business unit and support function leaders.

The Company has a number of committees of senior business leaders which provide oversight of specific business risks, including the Financial Risk Management and Operational Risk Management committees. These committees perform critical reviews of risk assessments, risk management practices and risk response plans developed by business units and support functions.

Other oversight accountabilities reside with the Company's Legal and Compliance functions which are responsible for ensuring compliance with policies, laws and regulations.

Third Line of Defence

The Internal Audit function is the third line of defence and provides independent assurance to senior management and the Board of Directors on the effectiveness of the Company's risk management policies, processes and practices.

Risk Appetite

The Company's appetite for different types of risk is established through the Risk Appetite Framework which is approved by the Board of Directors. Under the Risk Appetite Framework, one of four appetite levels is established for each risk type and business activity of the Company. These appetite levels range from those where the Company has no appetite for risk and seeks to minimize any losses, to those where the Company readily accepts exposure while seeking to ensure that risks are well understood and managed. These appetite levels guide our business units as they engage in business activities, and inform them in establishing policies, limits, controls and risk transfer activities.

The Risk Appetite Framework facilitates the alignment of business strategy with risk appetite, supports capital deployment assessments, and supports the identification, mitigation, and management of risks.

Risk Management Process

The Company's risk management process is designed to foster:

- Ongoing assessment of risks and tolerance in a changing operating environment.
- Appropriate identification and understanding of existing and emerging risks and risk response.
- Timely monitoring and escalation of risks based upon changing circumstances.

Significant risks that may adversely affect the Company's ability to achieve its strategic and business objectives are identified through the Company's ongoing risk management process.

We use a consistent methodology across our organizations and business units for identification and assessment of risks. Risks are assessed by evaluating the impact and likelihood of the potential risk event after consideration of controls and any risk transfer activities. The results of these assessments are considered relative to risk appetite and may result in action plans to adjust the risk profile.

Risk assessments are monitored and reviewed on an ongoing basis by business units and by oversight areas including the Risk function. The Risk function promotes and coordinates communication and consultation to support effective risk management and escalation. The Risk function regularly reports on the results of risk assessments and on the assessment process to the Executive Risk Management Committee and to the Risk Committee.

Risk Management Culture

Risk management is everyone's responsibility within the organization. The Risk function engages all business units in risk workshops to foster awareness and to incorporate our risk framework into business activities.

We have an established business planning process which reinforces our risk management culture. Our compensation programs are typically objectives-based, do not encourage or reward excessive or inappropriate risk taking, and often are aligned specifically with risk management objectives.

Our risk management program emphasizes integrity, ethical practices, responsible management and measured risk-taking with a long-term view. Our standards of integrity and ethics are reflected within our Code of Conduct which applies to directors, officers and employees.

Key Risks of the Business

Significant risks that may adversely affect our ability to achieve strategic and business objectives are identified through our ongoing risk management process.

Risks are identified based on our established methodology, considering factors both internal and external to the organization. These risks are broadly grouped into three categories: financial, operational, and strategic and business.

1) Financial Risk

This is the risk of financial loss related to AUM&A, liquidity and funding risk, credit risk, or market risk.

Risks Related to AUM&A

At December 31, 2025, IGM Financial's AUM&A were \$310.1 billion, compared to \$270.4 billion at December 31, 2024. AUM&A Including SI were \$566.2 billion at December 31, 2025, compared to \$483.5 billion at December 31, 2024.

The Company's primary sources of revenues are advisory fees and asset management fees which are applied as an annual percentage of the level of AUM&A. AUM&A levels are impacted by both net sales and changes in the market.

Global markets by their nature are subject to uncertainty and a variety of risks. Movement in equity market prices, foreign exchange rates, real asset values, interest rates/credit spreads, or other asset values could cause the Company's AUM&A, revenue and earnings to decline. A general economic downturn, market volatility, client rebalancing, poor investment performance, or a lack of

investor confidence could also lead to lower sales, higher redemption levels and lower AUM&A.

The Company believes that exposure to investment returns on its client portfolios is beneficial over the long term to financial results and consistent with stakeholder expectations, and therefore does not typically engage in risk transfer activities such as hedging in relation to these exposures.

The Company's exposure to market risk aligns with the experience of its clients. AUM are broadly diversified by asset class, geographic region, industry sector, investment team and style. The Company regularly reviews the sensitivity of its AUM, revenues, earnings and cash flow to changes in financial markets.

Domestic and foreign equity securities are exposed to equity price risk which may negatively impact AUM&A, revenues and earnings. Equity price risk can be classified into two categories: general equity risk and issuer-specific risk. The Company's internal and external fund managers reduce exposure to issuer-specific risks through diversification.

Fixed-income securities are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall while a decrease in interest rates causes market prices to rise, thus impacting AUM&A, revenue and earnings.

Foreign currency denominated securities are exposed to foreign exchange risk. A depreciation in foreign currency versus the Canadian dollar will cause the Canadian value of securities to fall while an appreciation in foreign currency versus the Canadian dollar will cause the Canadian value of securities to rise, thus impacting AUM&A, revenue and earnings.

Table 29: IGM Financial AUM – Asset and Currency Mix

<i>As at December 31, 2025</i>	Investment Funds	Total
Cash	2.4 %	3.2 %
Short-term fixed income and mortgages	2.3	2.4
Other fixed income	20.9	20.9
Domestic equity	21.9	25.5
Foreign equity	50.8	46.7
Real Property	1.7	1.3
	100.0 %	100.0 %
CAD	47.3 %	52.8 %
USD	35.7	32.1
Other	17.0	15.1
	100.0 %	100.0 %

Liquidity and Funding Risk

This is the risk of an inability to generate or obtain sufficient cash in a timely and cost-effective manner to meet contractual or anticipated commitments as they come due or arise.

Our liquidity profile is structured to ensure we have sufficient liquidity to satisfy current and prospective requirements in both normal and stressed conditions. Our liquidity management practices include:

- Maintaining liquid assets and lines of credit to satisfy near term liquidity needs.
- Ensuring effective controls over liquidity management processes.
- Performing regular cash forecasts and stress testing.
- Regular assessment of capital market conditions and the Company's ability to access bank and capital market funding.
- Ongoing efforts to diversify and expand long-term mortgage funding sources.
- Oversight of liquidity and funding risks by an internal Financial Risk Management Committee.

A key funding requirement is the funding of advisor network compensation paid for the distribution of financial products and services. This compensation continues to be paid from operating cash flows.

The Company also maintains sufficient liquidity to fund and temporarily hold mortgages, which include HELOCs, pending sale or securitization to long-term funding sources and to manage any derivative collateral requirements. Through its mortgage banking operations, residential mortgages are sold to third parties including certain mutual funds, institutional investors through private placements, Canadian bank-sponsored securitization trusts, and by issuance and sale of National Housing Act Mortgage-Backed Securities (NHA MBS)

including sales to Canada Housing Trust under the CMB Program. The Company maintains committed capacity within certain Canadian bank-sponsored securitization trusts. Capacity for sales under the CMB Program consists of participation in new CMB issues and reinvestment of principal repayments held in the Principal Reinvestment Accounts. The Company's continued ability to fund residential mortgages through Canadian bank-sponsored securitization trusts and NHA MBS is dependent on securitization market conditions and government regulations that are subject to change. A condition of the NHA MBS and CMB Program is that securitized loans be insured by an insurer that is approved by CMHC. The availability of mortgage insurance is dependent upon market conditions and is subject to change.

The Company accesses the unsecured long-term debt markets for corporate purposes, and ensures a well-diversified maturity structure to manage associated funding risks.

The Company's contractual obligations are reflected in Table 30.

The maturity schedule for long-term debt of \$2.4 billion is reflected in the accompanying chart (Long-Term Debt Maturity Schedule).

In addition to IGM Financial's current balance of cash and cash equivalents, liquidity is available through the Company's lines of credit. The Company's lines of credit with various Schedule I Canadian chartered banks totalled \$800 million at December 31, 2025, unchanged from December 31, 2024. The lines of credit at December 31, 2025 consisted of committed lines of \$650 million and uncommitted lines of \$150 million, unchanged from December 31, 2024. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at December 31, 2025 and December 31, 2024, the Company was not utilizing

Table 30: Contractual Obligations

As at December 31, 2025
(\$ millions)

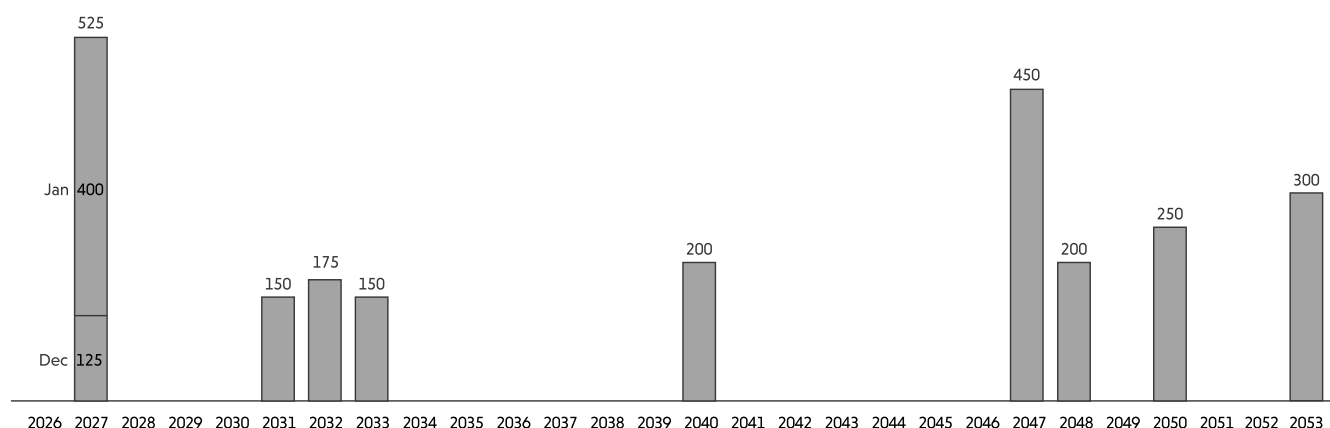
	Demand	Less than 1 Year	1–5 Years	After 5 Years	Total
Derivative financial instruments	\$ –	\$ 6.8	\$ 8.4	\$ –	\$ 15.2
Client deposits ⁽¹⁾	4,299.1	–	–	–	4,299.1
Obligations to securitization entities	–	1,278.9	3,532.1	4.3	4,815.3
Leases ⁽²⁾	–	27.6	95.7	95.4	218.7
Long-term debt	–	–	525.0	1,875.0	2,400.0
Total contractual obligations	\$ 4,299.1	\$ 1,313.3	\$ 4,161.2	\$ 1,974.7	\$ 11,748.3

(1) Client deposits due on demand are primarily offset by client funds held on deposit.

(2) Includes remaining lease payments related to office space and equipment used in the normal course of business.

Long-Term Debt Maturity Schedule

(\$ millions)



its committed lines of credit or its uncommitted lines of credit.

The actuarial valuation for funding purposes related to the Company's registered defined benefit pension plan, based on a measurement date of December 31, 2024, was completed during 2025. The valuation determines the plan surplus or deficit on both a solvency and going concern basis. The solvency basis determines the relationship between the plan assets and its liabilities assuming that the plan is wound up and settled on the valuation date. A going concern valuation compares the relationship between the plan assets and the present value of the expected future benefit cash flows, assuming the plan will be maintained indefinitely. Based on the actuarial valuation, the registered pension plan had a solvency surplus of \$118.5 million compared to a surplus of \$70.5 million in the previous actuarial valuation, which was based on a measurement date of December 31, 2022. The improvement in the funded status resulted largely from asset and interest rate increases. The registered pension plan had a going concern surplus of \$188.7 million compared to \$127.4 million in the previous valuation. The next actuarial valuation will be based on a measurement date no later than December 31, 2027. During the year, the Company was not required to make any cash contributions (2024 – nil). IGM Financial has a contribution holiday and is not permitted to make contributions to the pension plan until the next measurement date. Pension contribution decisions are subject to change, as contributions are affected by many factors including market performance,

regulatory requirements, changes in assumptions and management's ability to change funding policy.

Management believes cash flows from operations, available cash balances and other sources of liquidity are sufficient to meet the Company's liquidity needs. The Company continues to have the ability to meet its operational cash flow requirements, its contractual obligations, and its declared dividends. The current practice of the Company is to declare and pay dividends to common shareholders on a quarterly basis at the discretion of the Board of Directors. The declaration of dividends by the Board of Directors is dependent on a variety of factors, including earnings which are significantly influenced by the impact that market risk has on the Company's fee income and commission and certain other expenses. The Company's liquidity position and its management of liquidity and funding risk have not changed materially since December 31, 2024.

Credit Risk

This is the risk of financial loss to the Company if a counterparty to a transaction fails to meet its obligations.

The Company is exposed to credit risk through its cash and cash equivalents, client funds on deposit, mortgage portfolio, and use of over-the-counter derivatives. The Company monitors its credit risk management practices on an ongoing basis to evaluate their effectiveness.

Cash and Cash Equivalents and Client Funds on Deposit

At December 31, 2025, cash and cash equivalents of \$1,274.2 million (2024 – \$910.3 million) consisted of cash balances of \$676.7 million (2024 – \$545.0 million) primarily

on deposit with Canadian chartered banks and cash equivalents of \$597.5 million (2024 – \$365.3 million). Cash equivalents are comprised of Government of Canada treasury bills totalling \$0.5 million (2024 – \$37.9 million), provincial government treasury bills and promissory notes of \$553.8 million (2024 – \$289.5 million), and bank term deposits of \$43.2 million (2024 – \$37.9 million).

The Company manages credit risk related to cash and cash equivalents by adhering to its corporate investment and counterparty credit risk management policies that outline credit risk parameters and concentration limits. The Company regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

The Company's exposure to and management of credit risk related to cash and cash equivalents and fixed income securities have not changed materially since December 31, 2024.

IG Wealth Management's client funds on deposit of \$4.3 billion (2024 – \$3.7 billion) are held with Schedule I chartered banks and approximately 88% of the client deposits were insured by the Canada Deposit Insurance Corporation (CDIC) at December 31, 2025.

Mortgage Portfolio

At December 31, 2025, residential mortgages including HELOCs, recorded on the Company's balance sheet, of \$5.3 billion (2024 – \$5.5 billion) consisted of \$4.8 billion sold to securitization programs (2024 – \$5.1 billion), \$492.9 million held pending sale or securitization (2024 – \$405.7 million) and \$9.9 million related to the Company's intermediary operations (2024 – \$11.2 million).

The Company manages credit risk related to residential mortgages through:

- Adhering to its lending policy and underwriting standards;
- Its loan servicing capabilities;
- Use of client-insured mortgage default insurance and mortgage portfolio default insurance held by the Company; and
- Its practice of originating its mortgages exclusively through a network of Mortgage Advisors and IG Wealth Management advisors as part of a client's IG Living Plan.

In certain instances, credit risk is also limited by the terms and nature of securitization transactions as described below:

- Under the NHA MBS program totalling \$2.6 billion (2024 – \$2.5 billion), the Company is obligated to make

timely payment of principal and coupons irrespective of whether such payments were received from the mortgage borrower. However, as required by the NHA MBS program, 100% of the loans are insured by an approved insurer.

- Credit risk for mortgages securitized by transfer to bank-sponsored securitization trusts totalling \$2.2 billion (2024 – \$2.6 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were \$53.7 million (2024 – \$62.7 million) and \$51.4 million (2024 – \$38.0 million), respectively, at December 31, 2025. Cash reserve accounts are reflected on the balance sheet, whereas rights to future net interest income are not reflected on the balance sheet and will be recorded over the life of the mortgages.

At December 31, 2025, residential mortgages recorded on the balance sheet were 52.6% insured (2024 – 48.9%). At December 31, 2025, impaired mortgages on these portfolios were \$5.5 million, compared to \$3.5 million at December 31, 2024. Uninsured non-performing mortgages over 90 days on these portfolios were \$3.3 million at December 31, 2025, compared to \$2.1 million at December 31, 2024.

The Company also retains certain elements of credit risk on mortgage loans sold to the IG Mackenzie Mortgage and Short-Term Income Fund through an agreement to repurchase mortgages in certain circumstances benefiting the funds. These loans are not recorded on the Company's balance sheet as the Company has transferred substantially all of the risks and rewards of ownership associated with these loans.

The Company regularly reviews the credit quality of the mortgages and the adequacy of the allowance for expected credit losses.

The Company's allowance for expected credit losses was \$0.7 million at December 31, 2025, compared to \$0.8 million at December 31, 2024, and is considered adequate by management to absorb all credit-related losses in the mortgage portfolios based on: i) historical credit performance experience, ii) recent trends in interest rates, iii) current portfolio credit metrics and other relevant characteristics, iv) our strong financial planning relationship with our clients, and v) stress testing of losses under adverse real estate market conditions.

The Company's exposure to and management of credit risk related to mortgage portfolios have not changed materially since December 31, 2024.

Derivatives

The Company is exposed to credit risk through derivative contracts it utilizes to hedge interest rate risk, to facilitate securitization transactions and to hedge market risk related to certain stock-based compensation arrangements. These derivatives are discussed more fully under the Market Risk section of this MD&A.

To the extent that the fair value of the derivatives is in a gain position, the Company is exposed to credit risk if its counterparties fail to fulfil their obligations under these arrangements.

The Company's derivative activities are managed in accordance with its Derivative Policy which includes counterparty limits and other parameters to manage counterparty risk. The aggregate credit risk exposure related to derivatives that are in a gain position of \$71.6 million (2024 – \$40.4 million) does not give effect to any netting agreements or collateral arrangements. The exposure to credit risk, considering netting agreements and collateral arrangements and including rights to future net interest income, was \$33.7 million at December 31, 2025 (2024 – \$20.6 million). Counterparties are all Canadian Schedule I chartered banks and, as a result, management has determined that the Company's overall credit risk related to derivatives was not significant at December 31, 2025. Management of credit risk related to derivatives has not changed materially since December 31, 2024.

Additional information related to the Company's securitization activities and utilization of derivative contracts can be found in Notes 2, 6, 7 and 23 to the Consolidated Financial Statements included in the 2025 IGM Financial Inc. Annual Report.

Market Risk

This is the risk of loss arising from changes in the values of the Company's financial instruments due to changes in interest rates, equity prices or foreign exchange rates.

Interest Rate Risk

IGM Financial is exposed to interest rate risk on its mortgage portfolio and on certain of the derivative financial instruments used in our mortgage banking operations.

The Company manages interest rate risk associated with its mortgage banking operations by entering into interest rate swaps with Canadian Schedule I chartered banks as follows:

- The Company has in certain instances funded floating rate mortgages with fixed rate Canada Mortgage Bonds as part of the securitization transactions under the CMB Program. As part of the CMB Program, the Company is party to a swap whereby it is entitled to receive investment returns on reinvested mortgage principal and is obligated to pay Canada Mortgage Bond coupons. This swap had a fair value of negative \$4.4 million (December 31, 2024 – negative \$3.6 million) and an outstanding notional amount of \$0.2 billion at December 31, 2025 (December 31, 2024 – \$0.3 billion). The Company enters into interest rate swaps with Canadian Schedule I chartered banks to hedge the risk that the interest rates earned on floating rate mortgages and reinvestment returns decline. The fair value of these swaps totalled negative \$0.3 million (December 31, 2024 – negative \$4.3 million), on an outstanding notional amount of \$1.2 billion at December 31, 2025 (December 31, 2024 – \$1.4 billion). The net fair value of these swaps of negative \$4.7 million at December 31, 2025 (December 31, 2024 – negative \$7.9 million) is recorded on the balance sheet and has an outstanding notional amount of \$1.4 billion (December 31, 2024 – \$1.7 billion).
- The Company is exposed to the impact that changes in interest rates may have on the value of mortgages committed to or held pending sale or securitization to long-term funding sources. The Company enters into interest rate swaps to hedge the interest rate risk related to funding costs for mortgages held by the Company pending sale or securitization. Hedge accounting is applied to the cost of funds on certain securitization activities. The effective portion of fair value changes of the associated interest rate swaps are initially recognized in Other comprehensive income and subsequently recognized in Wealth Management revenue over the term of the related Obligations to securitization entities. The fair value of these swaps was negative \$0.1 million (December 31, 2024 – negative \$1.1 million) on an outstanding notional amount of \$157.2 million at December 31, 2025 (December 31, 2024 – \$166.0 million).

As at December 31, 2025, the impact to annual net earnings of a 100 basis point increase in interest rates would have been an increase of approximately \$0.2 million (December 31, 2024 – increase of \$0.5 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2024.

Equity Price Risk

IGM Financial is exposed to equity price risk on our equity investments which are classified as either FVTOCI or FVTPL, and on our investments in associates, which are accounted for using the equity method. The fair value of other investments was \$2.5 billion at December 31, 2025 (December 31, 2024 – \$1.5 billion), as shown in Table 22, and the carrying value of investment in associates was \$3.8 billion at December 31, 2025 (December 31, 2024 – \$4.0 billion).

The Company sponsors a number of deferred compensation arrangements where payments to participants are deferred and linked to the performance of the common shares of IGM Financial Inc. The Company hedges its exposure to this risk through the use of forward agreements and total return swaps.

Foreign Exchange Risk

IGM Financial is exposed to foreign exchange risk on its investment in ChinaAMC and Rockefeller. Changes to the carrying value due to changes in foreign exchange rates are recognized in Other comprehensive income. As at December 31, 2025, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately \$120.0 million (\$132.7 million).

The Company's proportionate share of ChinaAMC's and Rockefeller's earnings, recorded in Proportionate share of associates' earnings in the Consolidated Statements of Earnings, is also affected by changes in foreign exchange rates. For the year ended December 31, 2025, the impact to net earnings of a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the Company's proportionate share of associates' earnings by approximately \$6.6 million (\$7.3 million).

2) Operational Risk

This is the risk of financial loss, reputational damage or regulatory actions resulting from inadequate or failed internal processes or systems, human interaction or external events.

We are exposed to a broad range of operational risks, including information security and system failures, errors relating to transaction processing, financial models and valuations, failure of key third parties, fraud and misappropriation of assets, and inadequate application of internal control processes.

Operational risks relating to people and processes are mitigated through policies and process controls. Oversight of risks and ongoing evaluation of the effectiveness of controls is provided by the Company's Risk, Compliance, and Internal Audit functions.

The Company's insurance governance process includes oversight by the Insurance Steering Committee and senior executives. As part of this process, the nature and extent of the Company's insurance is regularly reviewed to ensure coverage remains appropriate and complies with relevant laws, regulations, and contractual agreements.

The business unit leaders are responsible for management of the day-to-day operational risks of their respective business units. Specific programs, policies, training, standards and governance processes have been developed to help manage operational risk.

Technology and Cyber Risk

This is the risk of failure or inappropriate usage of information and technology that enables business operations and strategies which may result in business disruption and missed opportunities.

Technology underpins our business operations and the client, employee and advisor experience. As a result, we are exposed to cybersecurity risks such as identity theft, compromise of technology systems and malicious software attacks. Globally, the volume of these activities has increased and could compromise confidential information of the Company and its clients or other stakeholders and result in other negative consequences including lost revenue, litigation, regulatory scrutiny or reputational damage. Our technology risk management policy provides a framework for managing technology risk, alongside enterprise-wide cybersecurity programs, benchmarking of capabilities to sound industry practices, and threat and vulnerability assessment and response capabilities, which together provide resiliency in addressing this risk.

Third Party Risk

This is the risk that exists due to the use of external parties to assist or wholly perform activities necessary to the operations and strategy of the business.

We regularly engage third parties to provide expertise and efficiencies that support our operational activities. Our exposure to third party risk could include reputational, regulatory and other operational risks. Policies, standard operating procedures and dedicated resources, including third party risk management,

procurement and contract policies, have been developed and implemented to specifically address third party risk. We perform due diligence and monitoring activities before entering into contractual relationships with third parties and on an ongoing basis. As our reliance on third parties continues to grow, we continue to enhance resources and processes to support third party risk management.

Model Risk

This is the risk of financial loss or reputational harm resulting from conclusions and decisions based on incorrect or misused models.

We use a variety of models to assist in: the valuation of financial instruments, operational scenario testing, management of cash flows, capital management, and assessment of potential acquisitions. These models incorporate internal assumptions, observable market inputs and available market prices. Effective controls exist over the development, implementation and application of these models. However, changes in the internal assumptions or other factors affecting the models could have an adverse effect on the Company's consolidated financial position and reputation.

Legal and Regulatory Risk

This is the risk of not complying with laws, contractual agreements or regulatory requirements. These risks relate to regulation governing product distribution, investment management, accounting, reporting and communications.

The Company is subject to complex and changing legal, taxation and regulatory requirements, including the requirements of agencies of the federal, provincial and territorial governments in Canada which regulate the Company and its activities and including changes in foreign jurisdictions in which the Company or companies it invests in have operations. The Company and its subsidiaries are also subject to the requirements of a self-regulatory organization, the Canadian Investment Regulatory Organization (CIRO). These and other regulatory bodies regularly adopt new laws, rules, regulations and policies that apply to the Company and its subsidiaries. These requirements include those that apply to IGM Financial as a publicly traded company and those that apply to the Company's subsidiaries based on the nature of their activities. They include regulations related to the management and provision of financial products and services, including securities, insurance and mortgages, and other activities carried on by the

Company in the markets in which it operates. Regulatory standards affecting the Company and the financial services industry are significant and continually evolve. The Company and its subsidiaries are subject to reviews as part of the normal ongoing process of oversight by the various regulators.

Failure to comply with laws, rules or regulations could lead to regulatory sanctions and civil liability, and may have an adverse reputational or financial effect on the Company. The Company manages legal and regulatory risk through its efforts to promote a strong culture of compliance. The monitoring of regulatory developments and their impact on the Company is overseen by the Regulatory Initiatives Committee chaired by the General Counsel. The Company also continues to develop and maintain compliance policies, processes and oversight, including specific communications on compliance and legal matters, training, testing, monitoring and reporting. The Audit Committee of the Board receives regular reporting on compliance initiatives and issues.

The Company promotes a strong culture of ethics and integrity through its Code of Conduct approved by the Board of Directors, which outlines standards of conduct that apply to all IGM Financial directors, officers and employees. The Code of Conduct references many policies relating to the conduct of directors, officers and employees. Other corporate policies cover anti-money laundering and privacy. Training is provided on these policies on an annual basis. Individuals subject to the Code of Conduct attest annually that they understand the requirements and have complied with its provisions.

Privacy Risk

Privacy risk is the potential for access to, collection, use, transfer, disclosure and retention of personal information in contravention of applicable laws, regulations and/or ethical standards. We collect only the personal information that is necessary to provide our products and services to clients, and where we have consent to do so.

If we need to share personal information with third parties, we remain responsible for that information and protect it through contractual and other measures that commit the service providers to maintain levels of protection comparable to ours.

IGM Financial has established an enterprise Privacy Risk Management Framework to manage privacy risk. Our Chief Privacy Officer (CPO) leads and oversees our privacy program, partnering with cross-functional teams to develop and implement enterprise-wide

policies, standards and controls regarding the handling and safeguarding of personal information. Ultimately reporting to the CPO, the enterprise privacy team works with front-line business units to address privacy matters.

Employees and advisors are required to complete mandatory privacy training at onboarding, and annually thereafter. The training includes our privacy obligations, privacy best practices, and how to prevent, handle and report privacy breaches, complaints and access to information requests.

Contingencies

The Company is subject to legal actions arising in the normal course of its business. In December 2018, a proposed class action was filed in the Ontario Superior Court against Mackenzie Financial Corporation (Mackenzie) which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. This action was certified in January 2024. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie.

In late March 2023, the Company was notified by one of our third-party vendors, InvestorCOM Inc., that they were compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. The Company has notified impacted clients and offered credit monitoring at no cost to all clients. Four proposed class actions have been filed against Mackenzie concerning this incident, one of which was certified in the fourth quarter of 2025.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

People Risk

This risk refers to the potential inability to: attract or retain employees or Wealth Management advisors; have an inclusive workforce; provide development opportunities to achieve current and future business objectives; support employee wellbeing and engagement; and sustain ongoing personnel or business succession and/or transition plans.

We manage this risk through competitive compensation and benefit offerings, training and development programs, and periodic employee and advisor surveys.

We have an Inclusion Strategy with the purpose of fostering a culture that connects us to each other and allows us to do our best for our people, our clients and our communities. To achieve the desired outcomes, we focus on three pillars of action:

- Workplace experience: we foster a workplace where people feel respected, supported and able to contribute fully.
- Talent and leadership: we attract, develop and advance talent through transparent and consistent programs based on skills and capabilities.
- Clients and communities: we reflect and respect the communities we serve.

We also have a Wellness Strategy to support our employees' wellbeing with a goal to ensure our employees are physically thriving, emotionally balanced, socially connected and financially secure.

Business Continuity Management

This is the risk that the organization cannot effectively recover and maintain critical business processes in the event of a disruption (internal, third-party, physical or natural circumstances) or respond to a crisis or emergency event.

A business continuity management program ensures the Company's critical processes function in the event of a business disruption.

The Company's crisis response plan outlines policies and procedures to address situations that could significantly impact the organization's reputation, brands or business operations. A crisis assessment team comprised of senior leadership is responsible for setting strategy, overseeing response and ensuring appropriate subject matter experts are engaged in scenario-dependent crisis response teams.

On a regular basis, the Company tests business continuity and disaster recovery plans as well as conducting crisis simulation exercises.

3) Strategic and Business Risk

This is the risk of potential adverse impacts resulting from factors in the external environment or related to the strategy or specific business activities of the Company.

General Business Conditions

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from competitive or other external factors relating to the marketplace.

Global economic conditions, changes in financial markets, as well as inflation, could impact the labour and housing market and could potentially have a broader effect on investor confidence, income levels and savings. In addition, geopolitical risk, ongoing trade tensions, including tariffs (and the threat of increased tariffs) and other governmental actions (including retaliatory measures), and other factors can influence inflation, interest rates, global economic growth, and business conditions in markets in which the Company operates. Global markets are currently exposed to the heightened economic uncertainty related to tariffs and counter-tariffs introduced by several countries. These conditions could result in reduced sales of IGM Financial's products and services and/or result in investors redeeming their investments. These factors may also affect the level and volatility of financial markets and the value of the Company's AUM, as described more fully under the Risks Related to AUM&A section of this MD&A.

To manage this risk, the Company, across its operating subsidiaries, communicates with clients and underscores the importance of financial planning across economic cycles. The Company and the industry continue to take steps to educate Canadian investors on the merits of financial planning, diversification and long-term investing. In periods of volatility, Wealth Management advisors and independent financial advisors play a key role in assisting investors in maintaining perspective and focus on their long-term objectives.

Redemption rates for long-term funds are summarized in Table 31 and are discussed in the Wealth Management and the Asset Management Segment Operating Results sections of this MD&A.

Strategy Setting

This is the risk of failing to set or meet appropriate strategic objectives resulting in an impact on business performance.

IGM Financial believes in the importance of good corporate governance and the central role played by directors in the governance process. We believe

that sound corporate governance is essential to the well-being of the Company and our shareholders.

Oversight of IGM Financial is performed by the Board of Directors directly and through its five committees. The Company's President and Chief Executive Officer has overall responsibility for management of the Company. The Company's activities are carried out principally by two operating companies – IGWM Inc. (formerly Investors Group Inc.) and Mackenzie Financial Corporation – each of which are managed by a President and Chief Executive Officer. The Company also has a strategy execution oversight function and committee that reviews and approves strategic initiative business cases and oversees progress against our strategic priorities and objectives.

The President and Chief Executive Officer of the Company, in collaboration with the Board of Directors, is responsible each year to develop, review and update the Company's strategic plan. The strategic plan sets out both the annual and longer-term objectives for the Company in light of emerging opportunities and risks and with a view to the Company's sustained profitable growth and long-term value creation. The Board is responsible for approving the Company's overall business strategy. In carrying out this responsibility, the Board reviews the short-, medium- and long-term risks associated with the strategic plan, considers the strengths and potential weaknesses of trends and opportunities, and approves the Company's annual business, financial and capital management plans. A portion of each Board meeting is dedicated to discussion of strategic matters including receiving updates on the progress and implementation of the strategic plan.

Competitive Risk

Product / Service Offering

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from inadequate product or service performance, quality or breadth.

IGM Financial, including its subsidiaries and strategic investments, operate in a highly competitive environment, competing with other financial service

Table 31: Twelve Month Trailing Redemption Rate for Long-term Funds

	2025 Dec. 31	2024 Dec. 31
IGM Financial Inc.		
IG Wealth Management	10.7 %	12.6 %
Mackenzie	18.0 %	18.7 %

providers, investment managers and product and service types. Client development and retention can be influenced by a number of factors, including investment performance, products and services offered by competitors, relative service levels, relative pricing, product attributes, reputation and actions taken by competitors. This competition could have an adverse impact upon the Company's financial position and operating results. Please refer to The Competitive Landscape section of this MD&A for further discussion.

We provide Wealth Management advisors, independent financial advisors, as well as retail and institutional clients with a high level of service and support and a broad range of investment products, with a focus on building enduring relationships. The Company's subsidiaries also continually review their respective product and service offering and pricing to ensure competitiveness in the marketplace.

We strive to deliver strong investment performance on our products relative to benchmarks and peers. Poor investment performance relative to benchmarks or peers could reduce the level of AUM and sales and asset retention, as well as adversely impact our brands and reputation. Meaningful and/or sustained underperformance could affect the Company's results. Our objective is to cultivate investment processes and disciplines that give us a competitive advantage, and we do this by diversifying our AUM and product shelf by investment team, brand, asset class, mandate, style and geographic region. Our investment risk management policy also contains requirements aimed at addressing this risk.

Business / Client Relationships

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from changes to key business or client relationships. These relationships primarily include IG Wealth Management clients and advisors, Mackenzie retail distribution, strategic and significant business partners, clients of Mackenzie funds, and sub-advisors and other product suppliers.

IG Wealth Management derives all of its investment fund sales, insurance sales, and mortgage and banking sales through its advisor network. IG Wealth Management advisors have regular direct contact with clients which can lead to a strong and personal client relationship based on the client's confidence in that individual advisor. The market for advisors is extremely competitive. The loss of a significant number of key advisors could lead to the loss of client accounts which could have

an adverse effect on IG Wealth Management's results of operations and business prospects, as well as our culture and ability to attract key advisors. IG Wealth Management is focused on strengthening its distribution network of advisors and on responding to the complex financial needs of its clients by delivering a diverse range of products and services in the context of personalized financial advice.

Mackenzie derives the majority of its mutual fund sales through third party financial advisors. Financial advisors generally offer their clients investment products in addition to, and in competition with Mackenzie. Mackenzie also derives sales of its investment products and services from its strategic alliance and institutional clients. Due to the nature of the distribution relationship in these relationships and the relative size of these accounts, gross sale and redemption activity can be more pronounced in these accounts than in a retail relationship. Mackenzie's ability to market its investment products is highly dependent on continued access to these distribution networks. Lack of access could have a material adverse effect on Mackenzie's operating results and business prospects. Mackenzie is well positioned to manage this risk and to continue to build and enhance its distribution relationships. Mackenzie's diverse portfolio of financial products and its long-term investment performance record, marketing, educational and service support has made Mackenzie one of Canada's leading investment management companies. These factors are discussed further in the Asset Management Review of the Business section of this MD&A.

Regulatory Development Risk

This is the potential for changes to regulatory, legal, or tax requirements that may have an adverse impact on the Company's business activities or financial results.

We are exposed to the risk of changes in laws, taxation and regulation that could have an adverse impact on the Company, including changes in foreign jurisdictions in which the Company or companies it invests in have operations. Particular regulatory initiatives may have the effect of making the products of the Company's subsidiaries appear to be less competitive than the products of other financial service providers, to third party distribution channels and to clients. Regulatory differences that may impact the competitiveness of the Company's products include regulatory costs, tax treatment, disclosure requirements, transaction processes or other differences that may be as a result of differing regulation or application of regulation. Regulatory

developments may also impact product structures, pricing, and dealer and advisor compensation. While the Company and its subsidiaries actively monitor such initiatives, and where feasible comment upon or discuss them with regulators, the ability of the Company and its subsidiaries to mitigate the imposition of differential regulatory treatment of financial products or services is limited.

The Company continuously monitors regulatory developments, guidance and communications.

Acquisition Risk

This risk refers to the potential that desired objectives are not attained from the Company's acquisitions and strategic investments. The Company undertakes thorough due diligence prior to completing an acquisition, but there is no assurance that the Company will achieve the expected strategic objectives or cost and revenue synergies subsequent to an acquisition. Subsequent changes in the economic environment and other unanticipated factors may affect the Company's ability to achieve expected earnings growth or expense reductions. The success of an acquisition and of the Company's strategic investments is dependent on retaining AUM, clients, and key employees of an acquired company.

Natural or Human Caused Disasters

This is the risk that events such as earthquakes, floods, fire, tornadoes, pandemics, or terrorism could adversely affect the Company's financial performance.

Catastrophic events can cause economic uncertainty, affect investor confidence, income levels and financial planning decisions. This could affect the level and volatility of financial markets and the level of the Company's AUM&A. The Company has an insurance review process where it assesses and determines the nature and extent of insurance that is appropriate to provide adequate protection against unexpected losses, and where it is required by law, regulators or contractual agreements.

Environmental and Social Risk

This is the potential for financial loss or other unfavourable impacts resulting from the Company's inability to manage or respond to changing environmental or social issues connected to our business operations, investment activities, meeting our sustainability commitments, and increasingly for

regulatory compliance. We recognize that environmental and social (E&S) risks can be within our operations or impact stakeholders along our supply chain, including clients, investee companies and suppliers over a range of timeframes. E&S risks are integrated into our broader enterprise risk management framework.

The regulatory landscape for sustainability and climate-related matters is rapidly evolving. In December 2024, the Canadian Sustainability Standards Board (CSSB) released its final voluntary Canadian Sustainability Disclosure Standards, mostly aligned to those of the International Sustainability Standards Board (ISSB). In April 2025, the Canadian Securities Administrators announced it was pausing its work related to mandatory climate-related disclosure rules, while also highlighting that existing legislation already requires issuers to disclose material climate-related risks. We continue to monitor and enhance our governance, risk management and disclosure practices in line with these developments.

Given the diverse perspectives of our stakeholders and communities on E&S issues, our actions or inactions in managing these matters may be viewed unfavourably by some. This could potentially elevate our E&S risks.

Environmental risks include issues such as climate change, biodiversity loss, pollution, waste, and the unsustainable use of energy, water and other resources. Social risks include issues such as human rights violations; inadequate labour standards; and insufficient considerations for inclusion; Indigenous reconciliation; and community impacts.

IG Wealth Management and Mackenzie Investments, and their investment sub-advisors, are signatories to the Principles for Responsible Investment (PRI). Under the PRI, investors formally commit to incorporate environmental, social and governance (ESG) issues into their investment decision making and active ownership processes. In addition, our operating companies have implemented Sustainable Investment Policies outlining the practices at each company.

IGM Financial reports annually on sustainability management and performance in its Sustainability Report and is a long-standing participant in the CDP (formerly Carbon Disclosure Project), both available on our website. These disclosures are informed by internationally recognized standards and frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD), The Sustainability Accounting Standards Board (SASB), and the Global Reporting Initiative (GRI).

Governance

Our Board is responsible for providing oversight on risk and strategy, which includes sustainability and climate-related matters. The Board meets with management at least annually to discuss plans and emerging ESG issues.

Through its Risk Committee, the Board is responsible for ensuring that material ESG and climate-related risks are appropriately identified, managed and monitored. Its responsibilities include ensuring that appropriate procedures are in place to identify and manage E&S risks and establish risk tolerances; ensuring that appropriate policies, procedures and controls are implemented to manage risks; and reviewing the risk management process on a regular basis to confirm that it is functioning effectively.

Senior management at each of our operating companies have primary ownership and accountability for the ongoing E&S risk and opportunity management associated with their respective activities. The Company's Executive Risk Management Committee is responsible for oversight of the risk management process, including E&S risks. The Executive Sustainability Committee is responsible for ensuring central management governance for sustainability across IGM, including policy and strategy, goals and targets, measuring progress, and reviewing public reports and disclosures. Our Chief Risk Officer oversees implementation of the Corporate Sustainability and Risk Management programs, reporting into the President and Chief Executive Officer. The Chief Financial Officer is responsible for financial reporting including oversight for any future sustainability-related financial disclosures.

Other management committees and working groups also oversee E&S-related governance across the Company.

Climate Strategy

Climate-related risks and opportunities are identified and assessed within IGM Financial through our business planning processes which define our strategic priorities, initiatives and budgets.

We are focused on meeting growing demand for sustainable investing and the opportunity to invest in the transition to a low carbon economy. Additionally, through Mackenzie's Sustainability Centre of Excellence (COE), we continue to focus on educating and communicating with clients and advisors on the risks and opportunities associated with sustainable investing and the energy transition.

As such, IGM Financial's updated Sustainability Strategy highlights Action on Climate as one of the 3 focus areas. Through IGM Financial's wealth and asset management businesses, this strategy focuses on providing clients with product options that focus on investing in long-term climate solutions to support a low carbon future.

Our operating companies are participants in collaborative industry groups that support our climate commitments by engaging companies on improving climate change governance, reducing emissions and strengthening climate-related financial disclosures.

At Mackenzie Investments, sustainable investing is an area of strategic emphasis, and we have established a dedicated team within Mackenzie's Sustainability COE who bring focus to material ESG and climate risks and opportunities within asset management. Mackenzie has expanded its suite of funds investing to directly support the transition to a low-carbon economy through its acquisition of Greenchip, an investment boutique exclusively focused on the opportunities created by the energy transition; the launch of the Betterworld equity team in 2021, that invests in companies making a positive impact on the people and the planet; as well as fixed income funds prioritizing sustainability and ESG-labelled debt, including green bonds.

Mackenzie uses tools to assess emissions and other climate-related information at the investee company, asset class and portfolio levels.

IG Wealth Management has integrated environmental and climate issues into its sub-advisory selection and oversight processes, and product development strategy. In 2021, IG Wealth Management launched its Climate Action Portfolios, a suite of four diversified managed solutions which aim to provide clients with the opportunity to support and benefit from the global transition to a low carbon global economy.

Risk Management

Climate risk is captured under strategic and business risks, but we recognize the relationship of climate risk to other risks.

Our climate risks relate primarily to the potential for physical or transition risks to: negatively affect the performance of our clients' investments, resulting in reduced fee revenue; harm our reputation; create market risks through shifts in product demand; or lead to new regulatory, legal or disclosure requirements that could affect our business. Diversification across portfolios helps manage exposure to climate-sensitive

sectors or geographies. We are also exposed to physical risks such as the impact of extreme weather events on our corporate properties, and on the valuations of investment properties and client mortgages, which if not addressed proactively, could affect financial performance and the ability to use the assets long-term.

We provide data and tools for our investment teams to carry out current and forward-looking climate analysis and we integrate material climate risks into our investment and oversight processes for investment management sub-advisors. As part of the hiring process and ongoing assessment of sub-advisors, our teams request information about how ESG, including climate risks and opportunities, is resourced, what processes and tools are used, and how strategy and governance are influenced. As we continue to develop our climate-related financial disclosures, we are devoting increased resources to areas such as training, analysis, metrics, target-setting, strategy planning and working with collaborative organizations.

At Mackenzie Investments, each boutique investment team is responsible for determining when and how climate transition and physical risks are material, and for incorporating these risks into their investment process. We have focused on developing resources and tools to assess climate-related risks and opportunities for our Mackenzie managed equity portfolios. Through these tools we can assess historical greenhouse gas emissions data and portfolio temperature alignment to identify the highest emitters and inform engagement activities with companies facing transition risks. At IG Wealth Management, management evaluates the sustainable investing practices of investment manager sub-advisors, including the integration of climate risks into their investment and active ownership practice.

At Mackenzie, engagement is undertaken through direct conversations between portfolio managers and companies/issuers; firm-wide engagements; and through collaborations with other investment firms on initiatives where communication together gives us greater influence. IG Wealth Management monitors sub-advisor practices as part of regular due diligence and oversight.

Mackenzie Investments is a founding participant in Climate Engagement Canada and participates in CERES' Investor Network on Climate Risk. Both Mackenzie and IG Wealth Management joined Climate Action 100+ and became founding signatories to the Canadian Investor Statement on Climate Change.

Metrics and Targets

We set, monitor and report on climate change-related metrics and targets annually in our CDP response, our IGM Sustainability Report and our Mackenzie Investments Sustainable Investing report which are available on our websites. At Mackenzie, each boutique investment team is responsible for integrating material ESG factors into its investment process, including determining appropriate GHG emissions and other metrics to assess climate-related risks and opportunities in investment strategies. The teams have access to ESG data tools and metrics to support their assessment.

We currently report Scopes 1, 2 and certain Scope 3 GHG emissions, including a portion of our investment emissions and weighted average carbon intensity. As tools and data improve, we continue to enhance our emissions measurement and reporting. Reported metrics may be subject to estimation uncertainty and change as methodologies and inputs are refined.

The Financial Services Environment

Canadians held \$7.5 trillion in discretionary financial assets with financial institutions at December 31, 2024 based on the most recent report from Investor Economics. The nature of holdings was diverse, ranging from demand deposits held for short-term cash management purposes to longer-term investments held for retirement purposes. Approximately 62% (\$4.7 trillion) of these financial assets are held within the context of a relationship with a financial advisor, and this is the primary channel

serving the longer-term savings needs of Canadians. Of the \$2.8 trillion held outside of a financial advisory relationship, approximately 50% consisted of bank deposits.

Financial advisors represent the primary distribution channel for IGM Financial's products and services, and the core emphasis of our business model is to support these financial advisors as they work with clients to plan for and achieve their financial goals. Multiple sources

of research show significantly better financial outcomes for Canadians who use financial advisors compared to those who do not. We actively promote the value of financial advice and the importance of a relationship with an advisor to develop and remain focused on long-term financial plans and goals.

Approximately 36% of Canadian discretionary financial assets or \$2.7 trillion resided in investment funds at December 31, 2024, making it the largest financial asset class held by Canadians. Other asset types include deposit products and direct securities such as stocks and bonds. Approximately 71% of investment funds are comprised of mutual fund products, with other product categories including segregated funds, hedge funds, pooled funds, closed end funds and exchange traded funds. With \$217 billion in investment fund AUM at December 31, 2025, IGM Financial is among the country's largest investment fund managers. We believe that investment funds are likely to remain the preferred savings vehicle of Canadians. They offer the benefits of diversification, professional management, flexibility and convenience, and are available in a broad range of mandates and structures to meet most investor requirements and preferences.

Traditional distinctions between bank branches, full-service brokerages, financial planning firms and insurance agent sales forces have become obscured as many of these financial service providers strive to offer comprehensive financial advice implemented through access to a broad product shelf. Accordingly, the Canadian financial services industry is characterized by a number of large, diversified, vertically-integrated participants, similar to IGM Financial, that offer both financial planning and investment management services.

Canadian banks distribute financial products and services through their traditional bank branches, as well as through their full service and discount brokerage subsidiaries. Bank branches continue to place increased emphasis on both financial planning and mutual funds. In addition, each of the "big six" banks has one or more mutual fund management subsidiaries. Collectively, mutual fund assets of the "big six" bank-owned mutual fund managers and affiliated firms represented 48% of total industry long-term mutual fund assets at December 31, 2025.

The Canadian mutual fund industry continues to be very concentrated, with the 10 largest firms and their subsidiaries representing 73% of industry long-term

mutual fund assets and 73% of total mutual fund AUM at December 31, 2025. We anticipate continuing consolidation in this segment of the industry as smaller participants are acquired by larger organizations.

We believe that the financial services industry will continue to be influenced by the following trends:

- Shifting demographics as the number of Canadians in their prime savings and retirement years continues to increase.
- Changes in investor attitudes based on economic conditions.
- Continued importance of the role of the financial advisor.
- Public policy related to retirement savings.
- Changes in the regulatory environment.
- A highly competitive landscape.
- Advancing and changing technology.

The Competitive Landscape

IGM Financial's Wealth Management segment competes directly with other retail financial service providers in the advice segment, including other financial planning firms, as well as full service brokerages, banks and insurance companies. Its Asset Management segment competes directly with other investment managers for AUM. Our products compete with stocks, bonds and other asset classes for a share of clients' investment assets.

Competition from other financial service providers, alternative product types or delivery channels, and changes in regulations or public preferences could impact the characteristics of our product and service offerings, including pricing, product structures, dealer and advisor compensation and disclosure. We monitor developments on an ongoing basis, and engage in policy discussions and develop product and service responses as appropriate.

IGM Financial continues to focus on our commitment to provide quality investment advice and financial products, service innovations, effective and responsible management of the Company and long-term value for our clients and shareholders. This includes efforts to modernize our digital platforms and technology infrastructure to enhance operations, achieve efficiencies and improve the service experience for our clients. We believe that IGM Financial is well-positioned to meet competitive challenges and capitalize on future growth opportunities.

Our competitive strength includes:

- Broad and diversified distribution through more than 35,000 financial advisors, with an emphasis on comprehensive financial planning.
- Broad product capabilities, leading brands and quality sub-advisory relationships.
- Enduring client relationships and the long-standing heritages and cultures of its subsidiaries.
- Benefits of being part of the Power Corporation group of companies.

Broad and Diversified Distribution

In addition to owning one of Canada's largest financial planning organizations, IG Wealth Management, IGM Financial has, through Mackenzie, access to distribution through over 30,000 independent financial advisors. Mackenzie also, in its growing strategic alliance business, partners with global manufacturing and distribution entities to provide investment management services.

Broad Product Capabilities

Our subsidiaries continue to develop and launch innovative products and strategic investment planning tools to assist advisors in building optimized portfolios for clients.

Enduring Client Relationships

IGM Financial enjoys significant advantages as a result of the enduring relationships that advisors have developed with clients. In addition, our subsidiaries have strong heritages and cultures which are challenging for competitors to replicate.

Part of the Power Corporation Group of Companies

As part of the Power Corporation group of companies, IGM Financial benefits through expense savings from shared service arrangements, as well as through access to distribution, products and capital.

Critical Accounting Estimates and Policies

Summary of Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to exercise judgment in the process of applying accounting policies and requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying notes. In applying these policies, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies are common in the financial services industry; others are specific to IGM Financial's businesses and operations. IGM Financial's significant accounting policies are described in detail in Note 2 of the Consolidated Financial Statements.

Critical accounting estimates relate to the fair value of financial instruments, goodwill and intangibles, income taxes, capitalized sales commissions, provisions and employee benefits.

The major critical accounting estimates are summarized below:

- *Fair value of financial instruments* – The Company's financial instruments are carried at fair value, except

for loans, deposits and certificates, obligations to securitization entities, and long-term debt which are all carried at amortized cost. The fair value of publicly traded financial instruments is determined using published market prices. The fair value of financial instruments where published market prices are not available, including corporate investments and derivatives related to the Company's securitized loans, are determined using various valuation models which maximize the use of observable market inputs where available. Valuation methodologies and assumptions used in valuation models are reviewed on an ongoing basis. Changes in these assumptions or valuation methodologies could result in significant changes in net earnings.

- *Goodwill and intangible assets* – Goodwill, indefinite life intangible assets, and definite life intangible assets are reflected in Note 12 of the Consolidated Financial Statements. The Company tests the fair value of goodwill and indefinite life intangible assets for impairment at least once a year and more frequently if an event or circumstance indicates the asset may be impaired. An impairment loss is recognized if the amount of the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the

higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

These tests involve the use of estimates and assumptions appropriate in the circumstances. In assessing the recoverable amounts, valuation approaches are used that include discounted cash flow analysis and application of capitalization multiples to financial and operating metrics based upon precedent acquisition transactions and trading comparables. Assumptions and estimates employed include future changes in AUM resulting from net sales and investment returns, pricing and profit margin changes, discount rates, and capitalization multiples.

The Company completed its annual impairment tests of goodwill and indefinite life intangible assets as at April 1, 2025 financial information and determined there was no impairment in the value of those assets.

- *Income taxes* – The provision for income taxes is determined on the basis of the anticipated tax treatment of transactions recorded in the Consolidated Statements of Earnings. The determination of the provision for income taxes requires interpretation of tax legislation in a number of jurisdictions. Tax planning may allow the Company to record lower income taxes in the current year and income taxes recorded in prior years may be adjusted in the current year to reflect management's best estimates of the overall adequacy of its provisions. Any related tax benefits or changes in management's best estimates are reflected in the provision for income taxes. The recognition of deferred tax assets depends on management's assumption that future earnings will be sufficient to realize the future benefit. The amount of the deferred tax asset or liability recorded is based on management's best estimate of the timing of the realization of the assets or liabilities. If our interpretation of tax legislation differs from that of the tax authorities or if timing of reversals is not as anticipated, the provision for income taxes could increase or decrease in future periods. Additional information related to income taxes is included in the Summary of Consolidated Operating Results in this MD&A and in Note 16 to the Consolidated Financial Statements.

- *Capitalized sales commissions* – Commissions paid directly by the client based upon the level of new assets contributed to client accounts at IG Wealth Management are deferred and amortized over a maximum period of seven years. The Company regularly reviews the carrying value of capitalized sales commissions with respect to any events or circumstances that indicate impairment. Among the tests performed by the Company to assess recoverability is the comparison of the future economic benefits derived from the capitalized sales commission asset in relation to its carrying value. At December 31, 2025, there were no indications of impairment to capitalized sales commissions.
- *Provisions* – A provision is recognized when there is a present obligation as a result of a past transaction or event, it is "probable" that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation. In determining the best estimate for a provision, a single estimate, a weighted average of all possible outcomes, or the midpoint where there is a range of equally possible outcomes are all considered. A significant change in assessment of the likelihood or the best estimate may result in additional adjustments to net earnings.
- *Employee benefits* – The Company maintains a number of employee benefit plans. These plans include a funded registered defined benefit pension plan (RPP) for all eligible employees, unfunded supplementary executive retirement plans for certain executive officers (SERPs) and an unfunded post-employment health care and life insurance plan for eligible retirees. The funded registered defined benefit pension plan provides pensions based on length of service and final average earnings. The measurement date for the Company's defined benefit pension plan assets and for the accrued benefit obligations on all defined benefit plans is December 31.

Due to the long-term nature of these plans, the calculation of the accrued benefit asset or liability depends on various assumptions including discount rates, rates of return on assets, the level and types of benefits provided, healthcare cost trend rates, projected salary increases, retirement age, mortality and termination rates. The discount rate assumption is determined using a yield curve of AA corporate debt securities. All other assumptions are determined by management and reviewed by independent actuaries who calculate the pension and other future benefits expenses and accrued benefit obligations. Actual

experience that differs from the actuarial assumptions will result in actuarial gains or losses as well as changes in benefits expense. The Company records actuarial gains and losses on all of its defined benefit plans in Other comprehensive income.

Discount rates have increased since December 31, 2024. The discount rate on the Company's RPP at December 31, 2025 was 5.00% compared to 4.75% at December 31, 2024. The pension plan assets increased to \$609.6 million at December 31, 2025 from \$593.7 million at December 31, 2024 due to market appreciation. The total defined benefit pension plan obligation decreased to \$470.5 million at December 31, 2025 from \$476.2 million at December 31, 2024. The defined benefit pension plan had an accrued benefit asset prior to taking into account the asset ceiling of \$139.0 million at December 31, 2025 compared to an accrued benefit asset of \$117.4 million at December 31, 2024. The International Financial Reporting Interpretation Committee's *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (IFRIC 14) requires a company to limit the defined benefit asset, when a defined benefit plan is in a net asset position, to the future economic benefit received through future contribution reductions (asset ceiling). As a result of IFRIC 14, the Company was limited to recording an accrued benefit asset of \$97.4 million on its defined benefit pension plan resulting in an unrecorded accrued benefit asset of \$41.6 million. Actuarial gains

or losses recorded in Other comprehensive income, including the defined benefit pension plan, the SERPs and post-employment benefit plans, were losses of \$15.4 million (\$11.3 million after tax) for the twelve months ended December 31, 2025.

A decrease of 0.25% in the discount rate utilized in 2025 would result in a change of \$18.3 million in the accrued pension obligation, \$16.5 million in other comprehensive income, and \$1.8 million in pension expense. Additional information regarding the Company's accounting and sensitivities related to pensions and other post-retirement benefits is included in Notes 2 and 15 of the Consolidated Financial Statements.

Changes in Accounting Policies

IGM Financial has not adopted any changes in accounting policies in 2025.

Future Accounting Changes

The Company continuously monitors the changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

The IASB is currently undertaking a number of projects which will result in changes to existing IFRS standards that may affect the Company. Updates will be provided as the projects develop.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that (a) material information relating to the Company is made known to the President and Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the annual filings are being prepared, and (b) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized

and reported within the time periods specified in securities legislation.

The Company's management, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on their evaluations as of December 31, 2025, the President and Chief Executive Officer and the 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 adequate internal control over financial reporting.

All internal control systems have inherent limitations and may become inadequate 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 Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial

reporting based on the Internal Control – Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission. The Company transitioned to the COSO 2013 Framework during 2014. Based on their evaluations as of December 31, 2025, the President and Chief Executive Officer and the Chief Financial Officer have concluded that the Company's internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Notwithstanding the above, during the fourth quarter of 2025, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Other Information

Transactions with Related Parties

IGM Financial enters into transactions with Canada Life, which is a subsidiary of its affiliate, Lifeco, which is a subsidiary of Power. These transactions are in the normal course of operations and have been recorded at fair value:

- During 2025 and 2024, the Company provided to and received from Canada Life certain administrative services enabling each organization to take advantage of economies of scale and areas of expertise.
- The Company distributes insurance products under a distribution agreement with Canada Life and received \$60.8 million in distribution fees (2024 – \$60.4 million). The Company received \$63.2 million (2024 – \$62.0 million) and paid \$5.9 million (2024 – \$5.3 million) to Canada Life and related subsidiary companies for the provision of sub-advisory services for certain investment funds.

After obtaining advanced tax rulings in 2024, the Company agreed to a tax loss consolidation transaction with a subsidiary of Power whereby shares of an affiliate that has generated tax losses was acquired on

December 20, 2024. The Company recognized the benefit of the tax losses realized in the fourth quarter of 2024.

For further information on transactions involving related parties, see Notes 9 and 27 to the Company's Consolidated Financial Statements.

Outstanding Share Data

Outstanding common shares of IGM Financial as at December 31, 2025 totalled 235,137,873. Outstanding stock options as at December 31, 2025 totalled 5,427,636 of which 2,654,864 were exercisable. As at January 31, 2026, outstanding common shares totalled 234,245,364 and outstanding stock options totalled 5,334,445 of which 2,561,673 were exercisable.

SEDAR

Additional information relating to IGM Financial, including the Company's most recent financial statements and Annual Information Form, is available at www.sedarplus.ca.

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Independent Auditor's Report

To the Shareholders of IGM Financial Inc.

Opinion

We have audited the consolidated financial statements of IGM Financial Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Other investments - Wealthsimple Financial Corp. ("Wealthsimple") – Refer to Notes 2, 5 and 24 to the financial statements

Key Audit Matter Description

The Company's Other investments balance includes an equity investment in Wealthsimple, which is recognized at fair value through other comprehensive income. During the year, the Company participated in a primary equity offering by Wealthsimple ("primary transaction") and a secondary transaction closed which involved third party investors ("secondary transaction"). Given that Wealthsimple is a private company, significant management judgment is required in the determination of the fair value of the investment. In determining fair value, a market approach using observable valuation metrics, including revenue multiples, and a discounted cash flow analysis were considered by management.

Significant management judgment was required in determining the most appropriate valuation approaches and inputs used in each, including revenue multiples applied in the market approach. Auditing the fair value of Wealthsimple required a high degree of auditor judgment which resulted in an increased extent of audit effort, including the use of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of fair value specialists, our audit procedures related to the fair value of Wealthsimple included the following, among others:

- We evaluated the appropriateness of fair value approaches and developed independent fair value estimates using an independent market approach by analyzing primary and third party secondary transactions, comparable public company revenue multiples, and using revenue provided to the Company by Wealthsimple.
- We evaluated primary and third party secondary transactions to determine if it was an appropriate estimate of fair value at those transaction dates.
- We evaluated relevant internal and external information, including industry information, and assessed the reasonability of unobservable inputs in instances where these inputs were more subjective.
- We compared the independent fair value estimate to management's fair value estimate.
- We independently performed a retrospective evaluation and analyzed Wealthsimple's financial performance using revenue provided to the Company by Wealthsimple in order to determine the impact on the fair value determination.
- We evaluated other available information and considered whether this information corroborated or contradicted the Company's conclusions.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert Rourke.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
February 12, 2026

Consolidated Statements of Earnings

(in thousands of Canadian dollars, except per share amounts)

For the years ended December 31	2025	2024
Revenues		
Wealth management (Note 3)	\$ 2,717,423	\$ 2,436,102
Asset management	1,061,079	1,002,682
Dealer compensation expense	(341,872)	(329,168)
Net asset management (Note 3)	719,207	673,514
Net investment income and other	42,333	53,041
Gain on partial sales of investment in associates (Note 9)	44,578	–
Proportionate share of associates' earnings (Note 9)	264,182	212,777
	3,787,723	3,375,434
Expenses (Note 4)		
Advisory and business development	1,252,475	1,120,730
Operations and support	873,433	837,656
Sub-advisory	91,737	78,059
Interest (Note 17)	129,170	129,379
	2,346,815	2,165,824
Earnings before income taxes	1,440,908	1,209,610
Income taxes (Note 16)	333,906	272,171
Net earnings	1,107,002	937,439
Non-controlling interest (Note 9)	(6,033)	(3,925)
Net earnings available to common shareholders	\$ 1,100,969	\$ 933,514
Earnings per share (in dollars) (Note 25)		
– Basic	\$ 4.66	\$ 3.93
– Diluted	\$ 4.64	\$ 3.93

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

For the years ended December 31	2025	2024
Net earnings	\$ 1,107,002	\$ 937,439
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to Net earnings		
Fair value through other comprehensive income investments		
Other comprehensive income (loss) (Note 5), net of tax of \$(130,092) and \$(80,662)	841,074	523,303
Employee benefits		
Net actuarial gains (losses), net of tax of \$4,136 and \$(17,661)	(11,275)	48,070
Investment in associates – employee benefits and other		
Other comprehensive income (loss), net of tax of nil	2,534	3,229
Items that may be reclassified subsequently to Net earnings		
Investment in associates and other		
Other comprehensive income (loss), net of tax of \$(1,723) and \$(9,448)	(20,999)	179,127
	811,334	753,729
Total comprehensive income	1,918,336	1,691,168
Non-controlling interest	(6,033)	(3,925)
Total comprehensive income available to common shareholders	\$ 1,912,303	\$ 1,687,243

(See accompanying notes to consolidated financial statements)

Consolidated Balance Sheets

(in thousands of Canadian dollars)

As at December 31	2025	2024
Assets		
Cash and cash equivalents	\$ 1,274,211	\$ 910,278
Other investments (Note 5)	2,522,120	1,468,457
Client funds on deposit	4,316,736	3,723,661
Accounts and other receivables	292,050	268,413
Income taxes recoverable	13,396	1,281
Loans (Note 6)	5,262,064	5,462,405
Derivative financial instruments (Note 23)	69,961	36,022
Other assets (Note 8)	183,478	187,139
Investment in associates (Note 9)	3,753,535	3,979,744
Capital assets (Note 10)	343,753	309,119
Capitalized sales commissions (Note 11)	440,784	418,996
Deferred income taxes (Note 16)	2,206	3,486
Intangible assets (Note 12)	1,290,685	1,277,200
Goodwill (Note 12)	2,636,771	2,636,771
Total assets	\$ 22,401,750	\$ 20,682,972
Liabilities		
Accounts payable and accrued liabilities	\$ 570,358	\$ 492,326
Income taxes payable	29,123	33,464
Derivative financial instruments (Note 23)	15,150	25,721
Client deposits (Note 13)	4,299,128	3,702,514
Other liabilities (Note 14)	355,460	409,524
Obligations to securitization entities (Note 7)	4,815,312	5,024,916
Lease obligations	165,210	160,804
Deferred income taxes (Note 16)	713,725	563,297
Long-term debt (Note 17)	2,400,000	2,400,000
Total liabilities	13,363,466	12,812,566
Equity		
Share capital (Note 18)		
Common shares	1,867,055	1,785,233
Contributed surplus	50,718	54,589
Retained earnings	5,166,596	4,890,896
Accumulated other comprehensive income (loss) (Note 21)	1,859,958	1,070,057
Total shareholders' equity	8,944,327	7,800,775
Non-controlling interest (Note 9)	93,957	69,631
Total equity	9,038,284	7,870,406
Total liabilities and equity	\$ 22,401,750	\$ 20,682,972

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on February 12, 2026.

/s/ James O'Sullivan

James O'Sullivan
Director

(See accompanying notes to consolidated financial statements)

/s/ John McCallum

John McCallum
Director

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Share capital – Common shares (Note 18)	Contributed surplus	Retained earnings	Accumulated other com- prehensive income (loss) (Note 21)	Non- controlling interest	Total equity
2025						
Balance, beginning of year	\$ 1,785,233	\$ 54,589	\$ 4,890,896	\$ 1,070,057	\$ 69,631	\$ 7,870,406
Net earnings	–	–	1,100,969	–	6,033	1,107,002
Other comprehensive income (loss), net of tax	–	–	–	811,334	–	811,334
Total comprehensive income (loss)	–	–	1,100,969	811,334	6,033	1,918,336
Common shares						
Issued under stock option plan	127,176	–	–	–	–	127,176
Purchased for cancellation	(45,354)	–	–	–	–	(45,354)
Stock options						
Current period expense	–	3,597	–	–	–	3,597
Exercised	–	(7,468)	–	–	–	(7,468)
Common share dividends	–	–	(531,463)	–	–	(531,463)
Dividends to non-controlling interests	–	–	–	–	(1,750)	(1,750)
Increase of non-controlling interest (Note 9)	–	–	–	–	20,043	20,043
Disposal of investment in associate	–	–	2,357	(2,357)	–	–
Transfer out of fair value through other comprehensive income	–	–	19,076	(19,076)	–	–
Common share cancellation excess and other	–	–	(315,239)	–	–	(315,239)
Balance, end of year	\$ 1,867,055	\$ 50,718	\$ 5,166,596	\$ 1,859,958	\$ 93,957	\$ 9,038,284
2024						
Balance, beginning of year	\$ 1,690,626	\$ 57,926	\$ 4,595,620	\$ 316,290	\$ 59,946	\$ 6,720,408
Net earnings	–	–	933,514	–	3,925	937,439
Other comprehensive income (loss), net of tax	–	–	–	753,729	–	753,729
Total comprehensive income (loss)	–	–	933,514	753,729	3,925	1,691,168
Common shares						
Issued under stock option plan	116,857	–	–	–	–	116,857
Purchased for cancellation	(22,250)	–	–	–	–	(22,250)
Stock options						
Current period expense	–	3,364	–	–	–	3,364
Exercised	–	(6,701)	–	–	–	(6,701)
Common share dividends	–	–	(533,875)	–	–	(533,875)
Dividends to non-controlling interests	–	–	–	–	(2,240)	(2,240)
Increase of non-controlling interest (Note 9)	–	–	–	–	8,000	8,000
Transfer out of fair value through other comprehensive income	–	–	(38)	38	–	–
Common share cancellation excess and other	–	–	(104,325)	–	–	(104,325)
Balance, end of year	\$ 1,785,233	\$ 54,589	\$ 4,890,896	\$ 1,070,057	\$ 69,631	\$ 7,870,406

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

For the years ended December 31	2025	2024
Operating activities		
Earnings before income taxes	\$ 1,440,908	\$ 1,209,610
Income taxes paid	(317,018)	(194,228)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	114,852	105,452
Capitalized sales commissions paid	(128,272)	(129,712)
Amortization of capital, intangible and other assets	98,062	92,675
Proportionate share of associates' earnings, net of dividends received	(135,415)	(82,805)
Pension and other post-employment benefits	4,825	10,057
Gain on partial sales of investment in associates	(44,578)	–
Changes in operating assets and liabilities and other	13,049	109,612
Cash from operating activities before restructuring provision payments	1,046,413	1,120,661
Restructuring provision cash payments	(11,422)	(28,318)
	1,034,991	1,092,343
Financing activities		
Net decrease in client certificates	–	(1,408)
Increase in obligations to securitization entities	1,442,868	1,591,756
Repayments of obligations to securitization entities and other	(1,684,294)	(1,271,867)
Repayment of lease obligations	(23,608)	(25,061)
Issue of common shares	119,707	110,156
Common shares purchased for cancellation	(293,806)	(122,476)
Common share dividends paid	(532,920)	(534,028)
	(972,053)	(252,928)
Investing activities		
Purchase of other investments	(234,037)	(99,430)
Proceeds from the sale of other investments	146,818	108,506
Increase in loans	(1,974,818)	(1,582,255)
Repayment of loans and other	2,178,345	1,218,063
Net additions to capital assets	(49,054)	(31,281)
Net cash used in additions to intangible assets and other	(70,938)	(87,373)
Investment in Northleaf Capital Group Ltd. (Note 9)	(112,174)	–
Proceeds from return of capital and partial sales of investment in associates	416,853	–
	300,995	(473,770)
Increase in cash and cash equivalents	363,933	365,645
Cash and cash equivalents, beginning of year	910,278	544,633
Cash and cash equivalents, end of year	\$ 1,274,211	\$ 910,278
Cash	\$ 676,709	\$ 544,990
Cash equivalents	597,502	365,288
	\$ 1,274,211	\$ 910,278
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	\$ 361,081	\$ 350,946
Interest paid	\$ 310,281	\$ 303,470

(See accompanying notes to consolidated financial statements)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024 (in thousands of Canadian dollars, except shares and per share amounts)

Note 1. Corporate information

IGM Financial Inc. (the Company) is a publicly listed company (TSX: IGM), incorporated and domiciled in Canada. The registered address of the Company is 447 Portage Avenue, Winnipeg, Manitoba, Canada. The Company is controlled by Power Corporation of Canada (Power).

IGM Financial Inc. is a wealth and asset management company which serves the financial needs of Canadians through its principal subsidiaries, each operating distinctly within the advice segment of the financial services market. The Company's wholly-owned principal subsidiaries are IGWM Inc. (formerly Investors Group Inc.) and Mackenzie Financial Corporation (Mackenzie).

Note 2. Summary of material accounting policies

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The policies set out below were consistently applied to all the periods presented unless otherwise noted.

Use of judgment, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to exercise judgment in the process of applying accounting policies and requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements. The key areas where judgment has been applied include: the determination of which financial assets should be derecognized; the assessment of the appropriate classification of financial instruments, including those classified as fair value through profit or loss; and the assessment that significant influence exists for its investment in associates. Key components of the financial statements requiring management to make estimates include: the fair value of financial instruments, goodwill, intangible assets, income taxes, capitalized sales commissions, provisions and employee benefits. Actual results may differ from such estimates. Further detail of judgments and estimates are found in the remainder of Note 2 and in Notes 5, 7, 9, 11, 12, 14, 15, 16 and 24.

Basis of consolidation

The Consolidated Financial Statements include the accounts of the Company and all subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The Company's investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Rockefeller Capital Management (Rockefeller), and Northleaf Capital Group Ltd. (Northleaf) are accounted for using the equity method. The investments were initially recorded at cost and the carrying amounts are increased or decreased to recognize the Company's share of the investments' comprehensive income (loss) and the dividends received since the date of acquisition.

Revenue recognition

Wealth management revenue is earned for providing financial planning, investment advisory and related financial services. Revenues from financial advisory fees and investment management and related administration fees are based on the net asset value of investment funds or other assets under advisement and are accrued as services are performed. Distribution revenues associated with insurance and banking products and services are also recognized

on an accrual basis while distribution fees derived from investment fund and securities transactions are recognized on a trade date basis.

Asset management revenue related to investment management advisory and administrative services is based on the net asset value of investment funds and other assets under management and is accrued as services are performed.

Financial instruments

All financial assets are initially recognized at fair value in the Consolidated Balance Sheets and are subsequently classified as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. A financial asset is measured at FVTOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading. All other financial assets are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis.

Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

Unrealized gains and losses on financial assets classified as FVTOCI as well as other comprehensive income amounts, including unrealized foreign currency translation gains and losses related to the Company's investment in its associates, are recorded in the Consolidated Statements of Comprehensive Income on a net of tax basis. Accumulated other comprehensive income forms part of Equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash and temporary investments consisting of highly liquid investments with short-term maturities. Interest income is recorded on an accrual basis in Net investment income and other in the Consolidated Statements of Earnings.

Other investments

Other investments, which are recorded on a trade date basis, are classified as either FVTOCI or FVTPL.

The Company has elected to classify certain equity investments that are not held for trading as FVTOCI. Unrealized gains and losses on these FVTOCI investments are recorded in Other comprehensive income and transferred directly to Retained earnings when realized without being recorded through profit or loss. Dividends declared are recorded in Net investment income and other in the Consolidated Statements of Earnings.

FVTPL investments are held for trading and are comprised of fixed income and equity investments and investments in proprietary investment funds. Unrealized and realized gains and losses, dividends declared, and interest income on these investments are recorded in Net investment income and other in the Consolidated Statements of Earnings.

Loans

Loans are classified as either FVTPL or amortized cost, based on the Company's assessment of the business model within which the loan is managed. Revenues from mortgage activities are included in Wealth management revenue in the Consolidated Statements of Earnings.

Changes in fair value of loans measured at FVTPL are recorded in Wealth management revenue in the Consolidated Statements of Earnings. Loans measured at amortized cost are recorded net of an allowance for expected credit losses.

Interest income is accounted for on an accrual basis using the effective interest method for all loans and is recorded in Wealth management revenue in the Consolidated Statements of Earnings.

The Company applies a three-stage impairment approach to measure expected credit losses on loans: 1) On origination, an allowance for 12-month expected credit losses is established, 2) Lifetime expected credit losses are recognized where there is a significant deterioration of credit quality, and 3) A loan is considered credit impaired when there is no longer reasonable assurance of collection.

Derecognition

The Company enters into transactions where it transfers financial assets recognized on its balance sheet. The determination of whether the financial assets are derecognized is based on the extent to which the risks and rewards of ownership are transferred. The gains or losses and the servicing fee revenue for financial assets that are derecognized are reported in Wealth management revenue in the Consolidated Statements of Earnings. The transactions for financial assets that are not derecognized are accounted for as secured financing transactions.

Sales commissions

Commissions are paid on investment product sales where the Company either receives a fee directly from the client or where it receives a fee directly from the investment fund.

Commissions paid on investment product sales where the Company earns fees from a client are capitalized and amortized over their estimated useful lives, not exceeding a period of seven years. The Company regularly reviews the carrying value of capitalized selling commissions with respect to any events or circumstances that indicate impairment. Among the tests performed by the Company to assess recoverability is the comparison of the future economic benefits derived from the capitalized selling commission asset in relation to its carrying value.

All other commissions paid on investment product sales are expensed as incurred.

Capital assets

Capital assets are comprised of Property and equipment and Right-of-use assets.

Property and equipment

Buildings, furnishings and equipment are amortized on a straight-line basis over their estimated useful lives, which range from 3 to 17 years for equipment and furnishings and 10 to 50 years for the building and its components. Capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Right-of-use assets

A right-of-use asset representing the Company's property leases is depreciated using the straight-line method from the commencement date to the end of the lease term and is recorded in Advisory and business development and Operations and support expenses.

Leases

For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability. Imputed interest on the lease liability is recorded in Interest expense.

Lease payments included in the measurement of the lease liability comprises fixed payments less any lease incentives receivable, variable payments that depend on an index or a rate, and payments or penalties for terminating the lease, if any. The lease payments are discounted using the Company's incremental borrowing rate, which is applied to portfolios of leases with reasonably similar characteristics.

The Company does not recognize a right-of-use asset or lease liability for leases that, at commencement date, have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The Company recognizes the payments associated with these leases as an expense on a straight-line basis over the term of the lease.

Goodwill and intangible assets

The Company tests the carrying value of goodwill and indefinite life intangible assets for impairment at least once a year and more frequently if an event or circumstance indicates the asset may be impaired. An impairment loss is recognized if the amount of the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

Investment fund management contracts have been assessed to have an indefinite useful life as the contractual right to manage the assets has no fixed term.

Trade names have been assessed to have an indefinite useful life as they contribute to the revenues of the Company's integrated asset management business as a whole and the Company intends to utilize them for the foreseeable future.

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Software assets are amortized over a period not exceeding 7 years and distribution and other management contracts are amortized over a period not exceeding 20 years. Finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Employee benefits

The Company maintains a number of employee benefit plans including defined benefit plans and defined contribution pension plans for eligible employees. These plans are related parties in accordance with IFRS. The Company's defined benefit plans include a funded defined benefit pension plan for eligible employees, unfunded supplementary executive retirement plans (SERP) for certain executive officers, and an unfunded post-employment health care, dental and life insurance plan for eligible retirees.

The defined benefit pension plan provides pensions based on length of service and final average earnings.

The cost of the defined benefit plans is actuarially determined using the projected unit credit method prorated on service based upon management's assumptions about discount rates, compensation increases, retirement ages of employees, mortality and expected health care costs. Any changes in these assumptions will impact the carrying amount of the pension asset. The Company's accrued benefit asset or liability in respect of defined benefit plans is calculated separately for each plan by discounting the amount of the benefit that employees have earned in return for their service in current and prior periods and deducting the fair value of any plan assets. The Company determines the net interest component of the pension expense for the period by applying the discount rate used to measure the accrued benefit asset or liability at the beginning of the annual period to the net accrued benefit asset or liability. The discount rate used to value assets or liabilities is determined using a yield curve of AA corporate debt securities.

If the plan benefits are changed, or a plan is curtailed, any past service costs or curtailment gains or losses are recognized immediately in net earnings.

Current service costs, past service costs and curtailment gains or losses are included in Operations and support expenses.

Remeasurements arising from defined benefit plans represent actuarial gains and losses and the actual return on plan assets, less interest calculated at the discount rate. Remeasurements and changes in the asset ceiling are recognized immediately through Other comprehensive income (OCI) and are not reclassified to net earnings.

The accrued benefit asset represents the surplus related to defined benefit pension plan and is included in Other assets. The accrued benefit liability represents the deficit of the SERPs and post-employment health care plan and is included in Other liabilities.

Payments to the defined contribution pension plans are expensed as incurred.

Share-based payments

The Company uses the fair value based method to account for stock options granted to employees. The fair value of stock options is determined on each grant date. Compensation expense is recognized over the period that the stock options vest, with a corresponding increase in Contributed surplus. When stock options are exercised, the proceeds together with the amount recorded in Contributed surplus are added to Share capital.

The Company recognizes a liability for cash settled awards including those granted under the Performance Share Unit, Restricted Share Unit and Deferred Share Unit plans. Compensation expense is recognized over the vesting period, net of related hedges. The liability is remeasured at fair value at each reporting period.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation where a reliable estimate can be made, and it is probable that an outflow of resources will be required to settle the obligation.

Income taxes

The Company uses the liability method in accounting for income taxes whereby deferred income tax assets and liabilities reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases and tax loss carryforwards. Deferred income tax assets and liabilities are measured based on the enacted or substantively enacted tax rates which are anticipated to be in effect when the temporary differences are expected to reverse.

Earnings per share

Basic earnings per share is determined by dividing Net earnings available to common shareholders by the weighted average number of common shares outstanding for the year. Diluted earnings per share is determined using the same method as basic earnings per share except that the average number of common shares outstanding includes the potential dilutive effect of outstanding stock options granted by the Company as determined by the treasury stock method.

Derivative financial instruments

Derivative financial instruments are utilized by the Company in the management of equity price and interest rate risks. The Company does not utilize derivative financial instruments for speculative purposes.

The Company formally documents all hedging relationships, as well as its risk management objective and strategy for undertaking various hedging transactions. This process includes linking all derivatives to specific assets and liabilities on the Consolidated Balance Sheets or to anticipated future transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Derivative financial instruments are recorded at fair value in the Consolidated Balance Sheets.

Derivative financial instruments specifically designated as a hedge and meeting the criteria for hedge effectiveness offset the changes in fair values or cash flows of hedged items. A hedge is designated either as a cash flow hedge or a fair value hedge. A cash flow hedge requires the change in fair value of the derivative, to the extent effective, to be recorded in Other comprehensive income, which is reclassified to the Consolidated Statements of Earnings when the hedged item affects earnings. The change in fair value of the ineffective portion of the derivative in a cash flow hedge is recorded in the Consolidated Statements of Earnings. A fair value hedge requires the change in fair value of the hedging derivative and the change in fair value of the hedged item relating to the hedged risk to both be recorded in the Consolidated Statements of Earnings.

The Company enters into interest rate swaps as part of its mortgage banking and intermediary operations. These swap agreements require the periodic exchange of net interest payments without the exchange of the notional principal amount on which the payments are based. Swaps entered into to hedge the costs of funds on certain securitization activities are designated as hedging instruments (Note 23). The effective portion of changes in fair value are initially recorded in Other comprehensive income and subsequently recorded in Wealth management revenue in the Consolidated Statements of Earnings over the term of the associated Obligations to securitization entities. Remaining mortgage related swaps are not designated as hedging instruments and changes in fair value are recorded directly in Wealth management revenue in the Consolidated Statements of Earnings.

The Company also enters into total return swaps and forward agreements to manage its exposure to fluctuations in the total return of its common shares related to deferred compensation arrangements. Total return swap and forward

agreements require the exchange of net contractual payments periodically or at maturity without the exchange of the notional principal amounts on which the payments are based. Certain of these derivatives are not designated as hedging instruments and changes in fair value are recorded in Operations and support expenses in the Consolidated Statements of Earnings.

Derivatives continue to be utilized on a basis consistent with the risk management policies of the Company and are monitored by the Company for effectiveness as economic hedges even if specific hedge accounting requirements are not met.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented on the Consolidated Balance Sheets when the Company has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Comparative figures

The Company reclassified certain comparative figures in its Statements of Cash Flows to conform to the current year's presentation which resulted in prior year net cash flows being reclassified from operating activities to financing activities. The reclassifications are intended to provide additional details on the nature of the Company's cash flows and had no impact on the net earnings of the Company.

Future accounting changes

The Company continuously monitors changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce additional disclosures intended to enhance transparency around changes in fair value of equity instruments designated at FVTOCI, and clarify the timing of derecognition for financial liabilities settled through electronic payment systems.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Company continues to evaluate the impact of the amendments on the Company's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* (IFRS 18). IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*, will modify the presentation of the Company's Consolidated Statements of Earnings by requiring income and expenses to be classified into three categories: operating, investing and financing. The standard also introduces new disclosure requirements for management-defined performance measures, and additional requirements for aggregation and disaggregation of information.

The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 requires retrospective application with specific transition provisions. The Company continues to evaluate the impact of the adoption of this standard.

Note 3. Revenues from contracts with customers

	2025	2024
Advisory fees	\$ 1,439,651	\$ 1,295,224
Product and program fees	1,097,881	986,138
	2,537,532	2,281,362
Other financial planning revenues	179,891	154,740
Wealth management	2,717,423	2,436,102
Asset management	1,061,079	1,002,682
Dealer compensation expense	(341,872)	(329,168)
Net asset management	719,207	673,514
Net revenues from contracts with customers	\$ 3,436,630	\$ 3,109,616

Wealth management revenue is earned by providing financial planning, investment advisory and related financial services. Advisory fees, related to financial planning, are associated with assets under management and advisement. Product and program fees, related to investment management and administration services, are associated with assets under management. Other financial planning revenues include insurance, banking products and services, and mortgage lending activities.

Asset management revenue, related to investment management advisory and administrative services, depends on the level and composition of assets under management.

Note 4. Expenses

	2025	2024
Commissions	\$ 945,099	\$ 829,713
Salaries and employee benefits	657,669	631,282
Occupancy	24,109	22,594
Amortization of capital, intangible and other assets	98,062	92,675
Other	400,969	382,122
	2,125,908	1,958,386
Sub-advisory	91,737	78,059
Interest	129,170	129,379
	\$ 2,346,815	\$ 2,165,824

Note 5. Other investments

	2025		2024	
	Cost	Fair value	Cost	Fair value
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	\$ 403,284	\$ 2,412,868	\$ 289,904	\$ 1,350,376
Fair value through profit or loss (FVTPL)				
Equity securities	2	2	1,772	1,974
Proprietary investment funds	107,680	109,250	107,782	116,107
	107,682	109,252	109,554	118,081
	\$ 510,966	\$ 2,522,120	\$ 399,458	\$ 1,468,457

Fair value through other comprehensive income

Corporate investments is primarily comprised of the Company's investments in Wealthsimple Financial Corp. (Wealthsimple).

The total fair value of Corporate investments of \$2,413 million (2024 – \$1,350 million) is presented net of certain costs incurred within the limited partnership structures holding the underlying investments.

Investment in Wealthsimple

Wealthsimple Financial Corp. (Wealthsimple) is a financial company that provides simple digital tools for growing and managing client money. The Company's investment in Wealthsimple is primarily held through a limited partnership controlled by Power. The investment is classified at FVTOCI. IGM Financial Inc. holds a 25.5% economic interest in Wealthsimple (2024 – 27.2%).

On October 31, 2025, the Company participated in a \$550 million primary equity offering by Wealthsimple, investing \$100 million. A secondary transaction involving third party investors totaling \$190 million closed on December 19, 2025.

At December 31, 2025, the fair value of the Company's investment in Wealthsimple was \$2,258 million (December 31, 2024 – \$1,219 million). The increase in fair value during the year considers recent transactions, increase in public market peer valuations, as well as Wealthsimple's business performance and revenue expectations. Fair value is determined by using observable transactions in the investments' securities where available, discounted cash flows, and other valuation metrics, including revenue multiples used in the valuation of comparable public companies.

Fair value through profit or loss

Proprietary investment funds

The Company manages and provides services and earns management and administration fees, in respect of investment funds that are not recognized in the Consolidated Balance Sheets. As at December 31, 2025, there were \$216.9 billion in investment fund assets under management (2024 – \$191.9 billion). The Company's investments in proprietary investment funds are classified on the Company's Consolidated Balance Sheets at FVTPL. These investments are generally made in the process of launching a new fund and are sold as third-party investors subscribe. The Company's maximum exposure to loss is limited to its direct investment in the proprietary investment funds.

Certain investment funds are consolidated where the Company has made the assessment that it controls the investment fund. As at December 31, 2025, the underlying investments related to these consolidated investment funds primarily consisted of cash and short-term investments of \$1.2 million (2024 – \$8.9 million), equity securities of \$30.5 million (2024 – \$51.1 million) and fixed income securities of \$19.7 million (2024 – \$21.7 million). The underlying securities of these funds are classified at FVTPL and recognized at fair value.

Note 6. Loans

	Contractual maturity			2025 Total	2024 Total
	1 year or less	1 – 5 years	Over 5 years		
Amortized cost					
Residential mortgages	\$ 1,301,067	\$ 3,955,483	\$ 6,219	\$ 5,262,769	\$ 5,463,188
Less: Allowance for expected credit losses				705	783
				<u>5,262,064</u>	<u>5,462,405</u>
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of year				\$ 783	\$ 737
Write-offs, net of recoveries				(187)	(111)
Change in expected credit losses				<u>109</u>	<u>157</u>
Balance, end of year				<u>\$ 705</u>	<u>\$ 783</u>

Total credit impaired loans as at December 31, 2025 were \$5.5 million (December 31, 2024 – \$3.5 million).

Total interest income on loans was \$216.7 million (2024 – \$205.4 million). Total interest expense on obligations to securitization entities, related to securitized loans, was \$185.1 million (2024 – \$172.3 million). Gains realized on the sale of residential mortgages totalled \$5.4 million (2024 – \$1.2 million). Fair value adjustments related to mortgage banking operations totalled negative \$2.3 million (2024 – negative \$10.4 million). These amounts were included in Wealth management revenue. Wealth management revenue also includes other mortgage banking related items including portfolio insurance, issue costs, and other items.

Note 7. Securitizations

The Company securitizes residential mortgages through the Canada Mortgage and Housing Corporation (CMHC) sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) Program and Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. These transactions do not meet the requirements for derecognition as the Company retains prepayment risk and certain elements of credit risk. Accordingly, the Company has retained these mortgages on its balance sheets and has recorded offsetting liabilities for the net proceeds received as Obligations to securitization entities which are recorded at amortized cost.

The Company earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, the Company enters into a swap transaction whereby the Company pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal, and the hedging swap used to manage exposure to changes in variable rate investment returns, are recorded as derivatives with a fair value of negative \$4.7 million at December 31, 2025 (2024 – negative \$7.9 million).

All mortgages securitized under the NHA MBS and CMB Program are insured by CMHC or another approved insurer under the program. As part of the ABCP transactions, the Company has provided cash reserves for credit enhancement which are recorded at cost. Credit risk is limited to these cash reserves and future net interest income as the ABCP Trusts have no recourse to the Company's other assets for failure to make payments when due.

	Securitized mortgages	Obligations to securitization entities	Net
2025			
Carrying value			
NHA MBS and CMB Program	\$ 2,580,268	\$ 2,597,439	\$ (17,171)
Bank sponsored ABCP	2,179,719	2,217,873	(38,154)
Total	\$ 4,759,987	\$ 4,815,312	\$ (55,325)
Fair value	\$ 4,890,342	\$ 4,916,463	\$ (26,121)
2024			
Carrying value			
NHA MBS and CMB Program	\$ 2,494,701	\$ 2,475,814	\$ 18,887
Bank sponsored ABCP	2,551,546	2,549,102	2,444
Total	\$ 5,046,247	\$ 5,024,916	\$ 21,331
Fair value	\$ 5,078,431	\$ 5,098,441	\$ (20,010)

The carrying value of Obligations to securitization entities, which is recorded net of issue costs, includes principal payments received on securitized mortgages that are not due to be settled until after the reporting period. Issue costs are amortized over the life of the obligation on an effective interest rate basis.

Note 8. Other assets

	2025	2024
Accrued benefit asset (Note 15)	\$ 97,443	\$ 117,447
Deferred and prepaid expenses	73,579	59,268
Other	12,456	10,424
	\$ 183,478	\$ 187,139

Total other assets of \$47.8 million as at December 31, 2025 (2024 – \$39.9 million) are expected to be realized within one year.

Note 9. Investment in associates

	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total
2025						
Balance, beginning of year	\$ 633,475	\$ 2,030,081	\$ 903,208	\$ 353,565	\$ 59,415	\$ 3,979,744
Additions	–	–	–	100,217	–	100,217
Return of capital and other	–	–	(374,015)	–	(10,825)	(384,840)
Dividends	(54,013)	(66,004)	–	(8,750)	–	(128,767)
Proportionate share of:						
Earnings (losses)	94,378	128,368	10,127	30,165 ⁽¹⁾	1,144	264,182
Other comprehensive income (loss) and other adjustments	(3,835)	(11,229)	(58,641)	(3,296)	–	(77,001)
Balance, end of year	\$ 670,005	\$ 2,081,216	\$ 480,679	\$ 471,901	\$ 49,734	\$ 3,753,535
2024						
Balance, beginning of year	\$ 589,288	\$ 1,885,223	\$ 844,795	\$ 301,845	\$ 38,023	\$ 3,659,174
Additions	–	–	85	40,000	21,456	61,541
Dividends	(49,143)	(72,926)	–	(7,903)	–	(129,972)
Proportionate share of:						
Earnings (losses)	93,079	113,442	(13,303)	19,623 ⁽¹⁾	(64)	212,777
Other comprehensive income (loss) and other adjustments	251	104,342	71,631	–	–	176,224
Balance, end of year	\$ 633,475	\$ 2,030,081	\$ 903,208	\$ 353,565	\$ 59,415	\$ 3,979,744

(1) The Company's proportionate share of Northleaf's earnings net of Non-controlling interest was \$24,132 (2024 – \$15,698).

The Company uses the equity method to account for its investments in associates, which include Lifeco, ChinaAMC, Rockefeller, and Northleaf, as it exercises significant influence.

Great-West Lifeco Inc. (Lifeco)

Lifeco is a publicly listed company that is incorporated and domiciled in Canada and is controlled by Power. Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses, primarily in Canada, the United States, Europe and Asia.

At December 31, 2025, the Company held 22,136,471 (2024 – 22,136,471) shares of Lifeco, which represented an equity interest of 2.4% (2024 – 2.4%). Significant influence arises from several factors, including but not limited to the following: common control of Lifeco by Power, directors common to the boards of the Company and Lifeco, certain shared strategic alliances and significant intercompany transactions that influence the financial and operating policies of both companies. The Company's proportionate share of Lifeco's earnings is recorded in the Consolidated Statements of Earnings.

The fair value of the Company's investment in Lifeco totalled \$1,498.2 million at December 31, 2025 (2024 – \$1,053.9 million).

Lifeco directly owned 9,200,000 shares of the Company at December 31, 2025 (2024 – 9,200,000).

Lifeco's financial information as at December 31, 2025 can be obtained in its publicly available information.

China Asset Management Co., Ltd. (ChinaAMC)

ChinaAMC is an asset management company established in Beijing, China and is controlled by CITIC Securities Company Limited.

As at December 31, 2025, the Company held a 27.8% ownership interest in ChinaAMC (2024 – 27.8%). Significant influence arises from board representation, participating in the policy making process, shared strategic initiatives including joint product launches and collaboration between management and investment teams.

The following table sets forth certain summary financial information from ChinaAMC:

(millions)	2025		2024	
	Canadian Dollars	Chinese Yuan	Canadian Dollars	Chinese Yuan
As at December 31				
Total assets	4,364.3	22,246.3	3,992.1	20,234.4
Total liabilities	1,402.9	7,151.3	1,243.2	6,301.5
For the year ended December 31				
Revenue	1,869.9	9,625.8	1,532.7	8,031.0
Net earnings available to common shareholders	464.9	2,395.6	411.2	2,158.0
Total comprehensive income	459.5	2,367.7	415.6	2,180.8

Rockefeller Capital Management (Rockefeller)

Rockefeller is a U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments.

In December 2025, the Company closed transactions with Rockefeller, receiving total proceeds of \$394.2 million comprised primarily of a return of capital, as well as an equity sale. The Company's interest decreased to 17.2% due to the equity sale and adjustment to certain previously issued share-based awards which aligns Rockefeller's management with long-term equity ownership. As a result, the investment's carrying value decreased and a gain was recognized in the Consolidated Statements of Earnings.

As at December 31, 2025, the Company held a 17.2% ownership interest in Rockefeller (2024 – 20.5%). Significant influence arises from board representation, participating in the policy making process and significant intercompany transactions.

The following table sets forth certain summary financial information from Rockefeller:

(millions)	2025		2024	
	Canadian Dollars	US Dollars	Canadian Dollars	US Dollars
As at December 31				
Total assets	2,738.9	1,995.5	2,222.8	1,543.5
Total liabilities	3,380.7	2,463.1	1,499.5	1,041.3
For the year ended December 31				
Revenue	1,763.2	1,263.0	1,344.2	980.5
Net earnings (losses) available to common shareholders ⁽¹⁾	49.9	36.3	(72.3)	(53.1)
Total comprehensive income (loss) ⁽¹⁾	49.7	36.2	(72.3)	(53.1)

(1) 2025 earnings exclude one-time costs related to the transaction.

Northleaf Capital Group Ltd. (Northleaf)

Northleaf is a global private equity, private credit and infrastructure fund manager headquartered in Toronto.

The Company, through an acquisition vehicle held by the Company's subsidiary, Mackenzie, holds a 49.9% voting interest and a 70% economic interest in Northleaf. The acquisition vehicle is owned 80% by Mackenzie and 20% by Lifeco.

Mackenzie and Lifeco have an obligation and right to purchase the remaining economic and voting interest in Northleaf commencing in approximately five years from the acquisition date and extending into future periods. The equity method is used to account for the acquisition vehicle's 70% economic interest as it exercises significant influence. Significant influence arises from board representation, participation in the policy making process and shared strategic initiatives.

The Company controls the acquisition vehicle and therefore recognizes the full 70% economic interest in Northleaf and recognizes Non-controlling interest (NCI) related to Lifeco's net interest in Northleaf of 14%.

The October 2020 acquisition included additional consideration payable at the end of five years from the transaction date, subject to Northleaf achieving exceptional growth in certain performance measures over the period. During 2025, final consideration of \$140.2 million was achieved and paid, and is reflected in the carrying value of the Company's investment as an addition of \$100.2 million and \$40.0 million in 2025 and 2024, respectively. The portion attributable to Non-controlling interest was \$20.0 million in 2025 (2024 - \$8.0 million).

The following table sets forth certain summary financial information from Northleaf:

<i>(millions)</i>		2025		2024
As at December 31				
Total assets	\$	240.6	\$	200.0
Total liabilities		145.3		148.8
For the year ended December 31				
Revenue	\$	201.4	\$	173.8
Net earnings available to common shareholders		47.1		32.1
Total comprehensive income		47.1		32.1

Note 10. Capital assets

	Furniture and equipment	Building and components	Right-of- use assets	Total
2025				
Cost	\$ 404,068	\$ 83,245	\$ 312,668	\$ 799,981
Less: accumulated amortization	(263,265)	(25,384)	(167,579)	(456,228)
	\$ 140,803	\$ 57,861	\$ 145,089	\$ 343,753
Changes in capital assets:				
Balance, beginning of year	\$ 114,498	\$ 52,601	\$ 142,020	\$ 309,119
Additions	41,820	7,234	28,015	77,069
Disposals	(458)	–	(1,368)	(1,826)
Amortization	(15,057)	(1,974)	(23,578)	(40,609)
Balance, end of year	\$ 140,803	\$ 57,861	\$ 145,089	\$ 343,753
2024				
Cost	\$ 372,329	\$ 76,011	\$ 289,155	\$ 737,495
Less: accumulated amortization	(257,831)	(23,410)	(147,135)	(428,376)
	\$ 114,498	\$ 52,601	\$ 142,020	\$ 309,119
Changes in capital assets:				
Balance, beginning of year	\$ 102,395	\$ 51,333	\$ 153,233	\$ 306,961
Additions	28,210	3,072	15,923	47,205
Disposals	(1,162)	–	(1,791)	(2,953)
Amortization	(14,945)	(1,804)	(25,345)	(42,094)
Balance, end of year	\$ 114,498	\$ 52,601	\$ 142,020	\$ 309,119

Note 11. Capitalized sales commissions

	2025	2024
Cost	\$ 898,432	\$ 823,148
Less: accumulated amortization	(457,648)	(404,152)
	\$ 440,784	\$ 418,996
Changes in capitalized sales commissions		
Balance, beginning of year	\$ 418,996	\$ 394,736
Changes due to:		
Sales of investment funds	137,003	129,712
Amortization	(115,215)	(105,452)
	21,788	24,260
Balance, end of year	\$ 440,784	\$ 418,996

Note 12. Goodwill and intangible assets

	Finite life		Indefinite life			
	Software	Distribution and other management contracts	Investment fund management contracts	Trade names	Total intangible assets	Goodwill
2025						
Cost	\$ 468,570	\$ 250,580	\$ 717,504	\$ 285,177	\$ 1,721,831	\$ 2,636,771
Less: accumulated amortization	(313,390)	(117,756)	–	–	(431,146)	–
	\$ 155,180	\$ 132,824	\$ 717,504	\$ 285,177	\$ 1,290,685	\$ 2,636,771
Changes in goodwill and intangible assets:						
Balance, beginning of year	\$ 152,857	\$ 121,662	\$ 717,504	\$ 285,177	\$ 1,277,200	\$ 2,636,771
Additions	41,204	29,734	–	–	70,938	–
Disposals	–	–	–	–	–	–
Amortization	(38,881)	(18,572)	–	–	(57,453)	–
Balance, end of year	\$ 155,180	\$ 132,824	\$ 717,504	\$ 285,177	\$ 1,290,685	\$ 2,636,771
2024						
Cost	\$ 417,648	\$ 220,854	\$ 717,504	\$ 285,177	\$ 1,641,183	\$ 2,636,771
Less: accumulated amortization	(264,791)	(99,192)	–	–	(363,983)	–
	\$ 152,857	\$ 121,662	\$ 717,504	\$ 285,177	\$ 1,277,200	\$ 2,636,771
Changes in goodwill and intangible assets:						
Balance, beginning of year	\$ 143,597	\$ 104,434	\$ 717,504	\$ 285,177	\$ 1,250,712	\$ 2,636,771
Additions	45,624	31,638	–	–	77,262	–
Disposals	–	(193)	–	–	(193)	–
Amortization	(36,364)	(14,217)	–	–	(50,581)	–
Balance, end of year	\$ 152,857	\$ 121,662	\$ 717,504	\$ 285,177	\$ 1,277,200	\$ 2,636,771

The goodwill and indefinite life intangible assets consisting of investment fund management contracts and trade names are allocated to each cash generating unit (CGU) as summarized in the following table:

	2025		2024	
	Goodwill	Indefinite life intangible assets	Goodwill	Indefinite life intangible assets
Wealth Management	\$ 1,346,245	\$ –	\$ 1,346,245	\$ –
Asset Management	1,290,526	1,002,681	1,290,526	1,002,681
Total	\$ 2,636,771	\$ 1,002,681	\$ 2,636,771	\$ 1,002,681

The Company tests whether goodwill and indefinite life intangible assets are impaired by assessing the carrying amounts with the recoverable amounts. The recoverable amount of the Company's CGUs is based on the best available evidence of fair value less costs of disposal.

In assessing the recoverable amounts, valuation approaches are used that may include application of capitalization multiples to financial and operating metrics based upon precedent acquisition transactions and trading comparables and discounted cash flow analysis. Valuation multiples may include price-to-earnings or other conventionally used measures for investment managers or other financial service providers (multiples of value to assets under management, revenues, or other measures of profitability). This assessment may give regard to a variety of relevant considerations, including expected growth, risk and capital market conditions, among other factors. The valuation multiples used in assessing fair value represent Level 2 fair value inputs. Assumptions and estimates employed in discounted cash flows include future changes in assets under management resulting from net sales and investment returns, pricing and profit margin changes and discount rates, which represent level 3 fair value inputs.

The fair value less costs of disposal of the Company's CGUs was compared with the carrying amount and it was determined there was no impairment. Changes in assumptions and estimates used in determining the recoverable amounts of CGUs can result in significant adjustments to the valuation of the CGUs.

Note 13. Client deposits

Client deposits are classified as other financial liabilities measured at amortized cost and at December 31, 2025 were all due on demand.

Note 14. Other liabilities

	2025	2024
Dividends payable	\$ 132,359	\$ 133,817
Interest payable	31,594	33,199
Accrued benefit liabilities (Note 15)	85,602	85,370
Provisions	19,223	32,281
Other	86,682	124,857
	\$ 355,460	\$ 409,524

The Company establishes restructuring provisions related to business acquisitions, divestitures and other items, as well as other provisions in the normal course of its operations. Changes in provisions during 2025 consisted of additional estimates of \$3.1 million (2024 – \$5.6 million), provision reversals of \$2.4 million (2024 – \$1.3 million) and payments of \$13.8 million (2024 – \$37.9 million).

Total other liabilities of \$248.0 million as at December 31, 2025 (2024 – \$300.4 million) are expected to be settled within one year.

Note 15. Employee benefits

Defined benefit plans

The Company maintains a number of employee pension and post-employment benefit plans. These plans include a funded registered defined benefit pension plan for all eligible employees, unfunded supplementary executive retirement plans (SERPs) for certain executive officers, and an unfunded post-employment health care, dental and life insurance plan for eligible retirees.

Effective July 1, 2012, the defined benefit pension plan was closed to new members. For all eligible employees hired after July 1, 2012, the Company has a registered defined contribution pension plan.

The defined benefit pension plan is a separate trust that is legally separated from the Company and is registered under the Pension Benefits Act of Manitoba (Act) and the Income Tax Act (ITA). As required by the Act, the defined benefit pension plan is governed by a pension committee which includes current and retired employees. The Pension Committee has certain responsibilities as described in the Act but may delegate certain activities to the Company. The ITA governs the employer's ability to make contributions and also has parameters that the plan must meet with respect to investments in foreign property.

The defined benefit pension plan provides lifetime pension benefits to all eligible employees based on length of service and final average earnings subject to limits established by the ITA. Death benefits are available on the death of an active member or a retired member.

Employees who are not senior officers are required to make annual contributions based on a percentage of salaries which are subject to a maximum amount.

The actuarial valuation for funding purposes related to the Company's registered defined benefit pension plan, based on a measurement date of December 31, 2024, was completed during 2025. The valuation determines the plan surplus or deficit on both a solvency and going concern basis. The solvency basis determines the relationship between the plan assets and its liabilities assuming that the plan is wound up and settled on the valuation date. A going concern valuation compares the relationship between the plan assets and the present value of the expected future benefit cash flows, assuming the plan will be maintained indefinitely. Based on the actuarial valuation, the registered pension plan had a solvency surplus of \$118.5 million compared to a solvency surplus of \$70.5 million in the previous actuarial valuation, which was based on a measurement date of December 31, 2022. The improvement in the funded status resulted largely from asset and interest rate increases. The registered pension plan had a going concern surplus of \$188.7 million compared to \$127.4 million in the previous valuation. The next actuarial valuation will be based on a measurement date no later than December 31, 2027. During the year, the Company was not required to make any contributions (2024 – nil). IGM Financial has a contribution holiday and is not permitted to make contributions to the pension plan until the next measurement date. Pension contribution decisions are subject to change, as contributions are affected by many factors including market performance, regulatory requirements, changes in assumptions and management's ability to change funding policy.

The SERPs are non-registered, non-contributory defined benefit plans which provide supplementary benefits to certain retired executives.

The other post-employment benefit plan is a non-contributory plan and provides eligible employees a reimbursement of medical costs or a fixed amount per year to cover medical costs during retirement.

The SERPs and other post-employment benefit plans are managed by the Company with oversight from the Board of Directors.

The defined benefit plans expose the Company to actuarial risks such as mortality risk which represents life expectancy and impacts the calculation of the obligations; interest rate risk which impacts the discount rate used to calculate the obligations and the actual return on plan assets; salary risk as estimated salary increases are used in the calculation of the obligations; and investment risk as the nature of the investments impact the actual return on the plan assets. The risks are managed by regular monitoring of the plans, applicable regulations and other factors that could impact the Company's expenses and cash flows.

Plan assets, benefit obligations and funded status:

	2025			2024		
	Defined benefit pension plan	SERPs	Other post-employment benefits	Defined benefit pension plan	SERPs	Other post-employment benefits
Fair value of plan assets						
Balance, beginning of year	\$ 593,653	\$ –	\$ –	\$ 536,031	\$ –	\$ –
Employee contributions	1,397	–	–	1,506	–	–
Employer contributions	–	–	–	–	–	–
Benefits paid	(27,495)	–	–	(22,733)	–	–
Interest income	27,664	–	–	24,482	–	–
Remeasurements:						
Return on plan assets	14,364	–	–	54,367	–	–
Balance, end of year	609,583	–	–	593,653	–	–
Accrued benefit obligation						
Balance, beginning of year	476,206	62,226	23,144	474,439	59,462	25,726
Benefits paid	(27,495)	(3,799)	(2,084)	(22,733)	(3,568)	(2,130)
Current service cost	11,444	1,138	127	13,479	1,260	173
Employee contributions	1,397	–	–	1,506	–	–
Interest expense	22,086	2,587	992	21,618	2,566	1,142
Remeasurements:						
Actuarial losses (gains)						
Demographic assumption	–	559	–	(4,038)	–	(1,420)
Experience adjustments	5,236	2,222	(600)	(131)	1,993	(529)
Financial assumptions	(18,329)	(655)	(255)	(7,934)	513	182
Balance, end of year	470,545	64,278	21,324	476,206	62,226	23,144
Accrued benefit asset (liability)	\$ 139,038	\$ (64,278)	\$ (21,324)	\$ 117,447	\$ (62,226)	\$ (23,144)
Effect of asset ceiling	(41,595)	–	–	–	–	–
Accrued benefit asset (liability)	\$ 97,443	\$ (64,278)	\$ (21,324)	\$ 117,447	\$ (62,226)	\$ (23,144)

The International Financial Reporting Interpretation Committee's *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (IFRIC 14) requires a company to limit the defined benefit asset, when a defined benefit plan is in a net asset position, to the future economic benefit received through future contribution reductions (asset ceiling). As a result of IFRIC 14, the Company was limited to recording an accrued benefit asset of \$97.4 million on its defined benefit pension plan resulting in an unrecorded accrued benefit asset of \$41.6 million.

The change in the unrecognized amount due to the asset ceiling is as follows:

	2025	2024
Balance, beginning of year	\$ –	\$ –
Change in unrecognized amount due to asset ceiling	41,595	–
Balance, end of year	\$ 41,595	\$ –

Significant actuarial assumptions used to calculate the defined benefit obligation:

	2025			2024		
	Defined benefit pension plan	SERPs	Other post-employment benefits	Defined benefit pension plan	SERPs	Other post-employment benefits
Discount rate	5.00%	4.40%-4.80%	4.70%	4.75%	4.25%-4.65%	4.55%
Rate of compensation increase	3.75%	3.75%	N/A	3.75%	3.75%	N/A
Health care cost trend rate ⁽¹⁾	N/A	N/A	5.10%	N/A	N/A	5.20%
Mortality rates at age 65 for current pensioners	23.2 years	23.2 years	23.2 years	23.1 years	23.1 years	23.1 years

(1) Trending to 4.00% in 2040 and remaining at that rate thereafter.

The weighted average duration of the pension plans' defined benefit obligation at the end of the reporting period is 14.2 years (2024 – 16.9 years).

Benefit expense:

	2025			2024		
	Defined benefit pension plan	SERPs	Other post-employment benefits	Defined benefit pension plan	SERPs	Other post-employment benefits
Current service cost	\$ 11,444	\$ 1,138	\$ 127	\$ 13,479	\$ 1,260	\$ 173
Net interest cost	(5,578)	2,587	992	(2,864)	2,566	1,142
	\$ 5,866	\$ 3,725	\$ 1,119	\$ 10,615	\$ 3,826	\$ 1,315

Sensitivity analysis:

The calculation of the accrued benefit liability and the related benefit expense are sensitive to the significant actuarial assumptions. The following table presents the sensitivity analysis:

	2025		2024	
	Increase (decrease) in liability	Increase (decrease) in expense	Increase (decrease) in liability	Increase (decrease) in expense
Defined benefit pension plan				
Discount rate (+ / - 0.25%)				
Increase	\$ (17,296)	\$ (1,819)	\$ (18,850)	\$ (1,895)
Decrease	18,327	1,821	20,007	1,900
Rate of compensation increase (+ / - 0.25%)				
Increase	3,908	393	4,888	464
Decrease	(3,884)	(391)	(4,843)	(460)
Mortality				
Increase 1 year	7,515	503	7,874	515
SERPs				
Discount rate (+ / - 0.25%)				
Increase	(1,152)	69	(1,147)	75
Decrease	1,192	(73)	1,188	(79)
Rate of compensation increase (+ / - 0.25%)				
Increase	25	8	12	4
Decrease	(22)	(6)	(12)	(3)
Mortality				
Increase 1 year	1,034	49	1,060	49
Other post-employment benefits				
Discount rate (+ / - 0.25%)				
Increase	(412)	28	(451)	29
Decrease	428	(29)	469	(31)
Health care cost trend rates (+ / - 1.00%)				
Increase	261	12	250	11
Decrease	(235)	(11)	(224)	(10)
Mortality				
Increase 1 year	510	25	500	24

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in certain assumptions may be correlated.

Asset allocation of defined benefit pension plan by asset category:

	2025	2024
Equity securities	43.8%	49.2%
Fixed income securities	35.5	31.0
Alternative strategies	19.4	18.6
Cash and cash equivalents	1.3	1.2
	100.0%	100.0%

The defined benefit pension plan adheres to its Statement of Investment Policies and Procedures which includes investment objectives, asset allocation guidelines and investment limits by asset class. The defined benefit pension plan assets are invested in investment funds with the exception of cash on deposit with Schedule I Canadian chartered banks.

Defined contribution pension plans

The Company maintains a number of defined contribution pension plans for eligible employees. The total expense recorded in Advisory and business development and Operations and support expenses was \$11.2 million (2024 – \$10.1 million).

Group Retirement Savings Plan (RSP)

The Company maintains a group RSP for eligible employees. The Company's contributions are recorded in Advisory and business development and Operations and support expenses as paid and totalled \$10.8 million (2024 – \$10.7 million).

Note 16. Income taxes

Income tax expense:

	2025	2024
Income taxes recognized in net earnings		
Current taxes		
Tax on current year's earnings	\$ 309,787	\$ 260,309
Global minimum tax	321	154
Adjustments in respect of prior years	(150)	917
	309,958	261,380
Deferred taxes	23,948	10,791
	\$ 333,906	\$ 272,171

Effective income tax rate:

	2025	2024
Income taxes at Canadian federal and provincial statutory rates	26.60 %	26.57 %
Effect of:		
Proportionate share of associates' earnings (Note 9)	(3.96)	(3.73)
Gain on partial sales of investment in associates	0.46	–
Tax loss consolidation	–	(0.39)
Other items	0.07	0.05
Effective income tax rate	23.17 %	22.50 %

The Organization for Economic Co-operation and Development (OECD) introduced a 15% Global minimum tax (GMT) regime that has been adopted for 2025 by all countries in which the Company has significant operations, other than the United States. Legislation has been enacted by Canada, Ireland and the UK in 2024. On June 6, 2025, Hong Kong enacted GMT legislation to be effective retroactively to January 1, 2025.

The global minimum tax is complex in nature and will apply to the Company as part of a larger related group of companies. The amount of tax is not expected to be material to the Company.

The Company has applied the mandatory temporary exception in IAS 12, whereby it is not recognizing and disclosing information about deferred tax assets and liabilities related to the GMT.

Deferred income taxes

Composition and changes in net deferred taxes are as follows:

	Accrued benefit liabilities	Loss carry- forwards	Capitalized sales commissions	Intangible assets	Other investments	Other	Total
2025							
Balance, beginning of year	\$ (8,635)	\$ 16,211	\$ (111,234)	\$ (288,692)	\$ (143,717)	\$ (23,744)	\$ (559,811)
Recognized in statements of:							
Earnings	1,287	(15,310)	(4,245)	(3,847)	3,255	(5,088)	(23,948)
Other comprehensive income	4,136	1,703	–	–	(128,971)	(1,723)	(124,855)
Equity	–	(1,809)	–	–	(1,169)	–	(2,978)
Foreign exchange rate charges and other	–	–	–	–	2	71	73
Balance, end of year	\$ (3,212)	\$ 795	\$ (115,479)	\$ (292,539)	\$ (270,600)	\$ (30,484)	\$ (711,519)
2024							
Balance, beginning of year	\$ 6,328	\$ 4,422	\$ (104,953)	\$ (282,475)	\$ (59,314)	\$ (2,962)	\$ (438,954)
Recognized in statements of:							
Earnings	2,698	11,789	(6,281)	(6,217)	(1,452)	(11,328)	(10,791)
Other comprehensive income	(17,661)	–	–	–	(82,956)	(9,448)	(110,065)
Equity	–	–	–	–	6	–	6
Foreign exchange rate charges and other	–	–	–	–	(1)	(6)	(7)
Balance, end of year	\$ (8,635)	\$ 16,211	\$ (111,234)	\$ (288,692)	\$ (143,717)	\$ (23,744)	\$ (559,811)

Deferred income tax assets and liabilities are presented on the Consolidated Balance Sheets as follows:

	2025	2024
Deferred income tax assets	\$ 2,206	\$ 3,486
Deferred income tax liabilities	(713,725)	(563,297)
	\$ (711,519)	\$ (559,811)

As at December 31, 2025, the Company and its subsidiaries have deductible temporary differences related to its investments in associates of \$81.7 million (2024 – \$18.4 million) for which the benefits have not been recognized.

Note 17. Long-term debt

Maturity	Rate	2025	2024
January 26, 2027	3.44%	\$ 400,000	\$ 400,000
December 13, 2027	6.65%	125,000	125,000
May 9, 2031	7.45%	150,000	150,000
December 31, 2032	7.00%	175,000	175,000
March 7, 2033	7.11%	150,000	150,000
December 10, 2040	6.00%	200,000	200,000
January 25, 2047	4.56%	200,000	200,000
December 9, 2047	4.115%	250,000	250,000
July 13, 2048	4.174%	200,000	200,000
March 21, 2050	4.206%	250,000	250,000
May 26, 2053	5.426%	300,000	300,000
		\$ 2,400,000	\$ 2,400,000

Long-term debt consists of unsecured debentures which are redeemable by the Company, in whole or in part, at any time, at the greater of par and a formula price based upon yields at the time of redemption.

Long-term debt is classified as other financial liabilities and is carried at amortized cost.

Interest expense relating to long-term debt was \$122.9 million (2024 – \$123.0 million).

Note 18. Share capital

Authorized

Unlimited number of:

- First preferred shares, issuable in series
- Second preferred shares, issuable in series
- Class 1 non-voting shares
- Common shares, no par value

Issued and outstanding

	2025		2024	
	Shares	Stated value	Shares	Stated value
Common shares:				
Balance, beginning of year	237,878,838	\$ 1,785,233	238,131,738	\$ 1,690,626
Issued under Stock Option Plan (Note 20)	3,134,535	127,176	2,835,500	116,857
Purchased for cancellation	(5,875,500)	(45,354)	(3,088,400)	(22,250)
Balance, end of year	235,137,873	\$ 1,867,055	237,878,838	\$ 1,785,233

Normal course issuer bid

On December 23, 2025, the Company commenced a Normal Course Issuer Bid (NCIB) which will continue until December 22, 2026, when the bid expires, or such earlier date as the Company completes its purchases pursuant to the notice of intention filed with the TSX. Pursuant to this bid, the Company may purchase up to 11.8 million or 5.0% of its common shares outstanding as at December 9, 2025.

On December 23, 2024, the Company commenced an NCIB which was effective until December 22, 2025. Pursuant to this bid, the Company was authorized to purchase up to 5.0 million or 2.1% of its common shares outstanding as at December 9, 2024. On November 13, 2025, the Company amended its NCIB to increase the maximum number of common shares that can be repurchased to 6.0 million shares or 2.5% of its common shares outstanding as at December 9, 2024.

In the year ended December 31, 2025, there were 5,875,500 common shares (2024 – 3,088,400) purchased at a cost of \$293.8 million (2024 – \$122.5 million). The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

In connection with its NCIB, the Company has established an automatic securities purchase plan for its common shares. The automatic securities purchase plan provides standard instructions regarding how IGM Financial's common shares are to be purchased under the NCIB during certain pre-determined trading blackout periods, subject to pre-established parameters. Outside of these pre-determined trading blackout periods, purchases under the Company's NCIB will be completed based upon management's discretion.

Note 19. Capital management

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory capital requirements, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. Capital of the Company consists of long-term debt and shareholders' equity. The Company regularly assesses its capital management practices in response to changing economic conditions.

The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Company, business expansion and other strategic objectives. Subsidiaries subject to regulatory capital requirements include the investment dealer, exempt market dealer, portfolio managers, investment fund managers and a trust company. These subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. The Company's subsidiaries have complied with all regulatory capital requirements.

The total outstanding long-term debt was \$2.4 billion at December 31, 2025, unchanged from December 31, 2024. Long-term debt is comprised of debentures which are senior unsecured debt obligations of the Company subject to standard covenants, including negative pledges, but which do not include any specified financial or operational covenants.

The Company purchased 5,875,500 common shares during the year ended December 31, 2025 at a cost of \$293.8 million under its NCIB, compared to 3,088,400 common shares during the year ended December 31, 2024, at a cost of \$122.5 million (Note 18). The Company commenced an NCIB on December 23, 2025, to purchase for cancellation up to 11.8 million of its common shares. The program will be used to mitigate the dilutive effect of stock options issued under the Company's stock option plan and for other capital management purposes.

Other activities in 2025 included the declaration of common share dividends of \$531.5 million or \$2.25 per share. Changes in common share capital are reflected in the Consolidated Statements of Changes in Equity.

Note 20. Share-based payments

Stock option plan

Under the terms of the Company's Stock Option Plan (Plan), options to purchase common shares are periodically granted to employees at prices not less than the weighted average trading price per common share on the Toronto Stock Exchange for the five trading days preceding the date of the grant. The options are subject to time vesting conditions set out at the grant date. Options vest over a period of up to 7.5 years from the grant date and are exercisable no later than 10 years after the grant date. At December 31, 2025, 11,717,668 (2024 – 14,852,203) common shares were reserved for issuance under the Plan.

During 2025, the Company granted 539,310 options to employees (2024 – 673,814). The weighted-average fair value of options granted during the year ended December 31, 2025, has been estimated at \$6.58 per option (2024 – \$4.15) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was \$45.18 (2024 – \$35.57). Other assumptions used in these valuation models include:

	2025	2024
Exercise price	\$ 44.55	\$ 35.68
Risk-free interest rate	3.09%	3.61%
Expected option life	7 years	7 years
Expected volatility	24.00%	24.00%
Expected dividend yield	4.98%	6.33%

Expected volatility has been estimated based on the historic volatility of the Company's share price over seven years which is reflective of the expected option life. The average share price in 2025 was \$48.02 (2024 – \$38.68).

The Company recorded compensation expense related to its stock option program of \$3.6 million (2024 – \$3.4 million).

	2025		2024	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Balance, beginning of year	8,026,118	\$ 38.68	10,902,118	\$ 39.74
Granted	539,310	44.55	673,814	35.68
Exercised	(3,134,535)	38.19	(2,835,500)	38.85
Forfeited	(3,257)	43.00	(714,314)	51.35
Balance, end of year	5,427,636	\$ 39.54	8,026,118	\$ 38.68
Exercisable, end of year	2,654,864	\$ 38.12	4,786,815	\$ 38.07

Options outstanding at December 31, 2025	Expiry date	Exercise price \$	Options outstanding	Options exercisable
	2026	34.88 – 38.17	35,901	35,901
	2027	39.71 – 41.74	147,709	147,709
	2028	37.58 – 40.10	118,468	118,468
	2029	34.29 – 36.91	150,636	150,636
	2030	31.85 – 38.65	1,085,890	1,085,890
	2031	35.01 – 46.02	805,807	498,173
	2032	36.57 – 45.56	1,207,495	618,087
	2033	39.02 – 42.54	662,606	–
	2034	35.65 – 38.10	673,814	–
	2035	43.97 – 44.55	539,310	–
			5,427,636	2,654,864

Share unit plans

The Company has share unit plans for eligible employees to assist in retaining and further aligning the interests of senior management with those of the shareholders. These plans include Performance Share Unit (PSU), Deferred Share Unit (DSU) and Restricted Share Unit (RSU) plans. Under the terms of the plans, share units are awarded annually and are subject to time vesting conditions. In addition, the PSU and DSU plans are subject to performance vesting conditions. The value of each share unit is based on the share price of the Company's common shares. The PSUs and RSUs are cash settled and vest over a three year period. Certain employees can elect at the time of grant to receive a portion of their PSUs in the form of deferred share units which vest over a three year period. Deferred share units are redeemable when a participant is no longer an employee of the Company or any of its affiliates by a lump sum payment based on the value of the deferred share unit at that time. Additional share units are issued in respect of dividends payable on common shares based on a value of the share unit at the dividend payment date. The Company recorded compensation expense, excluding the impact of hedging, of \$57.9 million in 2025 (2024 – \$37.9 million) and a liability of \$91.6 million at December 31, 2025 (2024 – \$57.6 million).

Share purchase plans

Under the Company's share purchase plans, eligible employees can elect each year to have a percentage of their annual earnings withheld, subject to a maximum, to purchase the Company's common shares. The Company matches 50% of the contribution amounts. All contributions are used by the plan trustee to purchase common shares in the open market. Shares purchased with Company contributions vest after a maximum period of two years following the date of purchase. The Company's contributions are recorded in Advisory and business development and Operations and support expenses as paid and totalled \$5.3 million (2024 – \$4.6 million).

Deferred share unit plan

The Company has a Deferred Share Unit (DSU) plan for the directors of the Company to promote a greater alignment of interests between directors and shareholders of the Company. Under the terms of the plan, directors are required

to receive 50% of their annual board retainer in the form of DSUs and may elect to receive the balance of their annual board retainer in cash or DSUs. Directors may elect to receive certain fees in a combination of DSUs and cash. The number of DSUs granted is determined by dividing the amount of remuneration payable by the average closing price on the Toronto Stock Exchange of the common shares of the Company on the last five days of the fiscal quarter (value of DSU). A director who has elected to receive DSUs will receive additional DSUs in respect of dividends payable on common shares, based on the value of a DSU at the dividend payment date. DSUs are redeemable when a participant is no longer a director, officer or employee of the Company or any of its affiliates by cash payments, based on the value of the DSUs at that time. At December 31, 2025, the fair value of the DSUs outstanding was \$64.9 million (2024 – \$45.4 million). Any difference between the change in fair value of the DSUs and the change in fair value of the total return swap, which is an economic hedge for the DSU plan, is recognized in Operations and support expense in the period in which the change occurs.

Note 21. Accumulated other comprehensive income (loss)

	Employee benefits	Other investments	Investment in associates and other	Total
2025				
Balance, beginning of year	\$ 34,075	\$ 917,297	\$ 118,685	\$ 1,070,057
Other comprehensive income (loss)	(11,275)	841,074	(18,465)	811,334
Disposal of investment in associate (Note 9)	–	–	(2,357)	(2,357)
Transfer out of FVTOCI	–	(19,076)	–	(19,076)
Balance, end of year	\$ 22,800	\$ 1,739,295	\$ 97,863	\$ 1,859,958
2024				
Balance, beginning of year	\$ (13,995)	\$ 393,956	\$ (63,671)	\$ 316,290
Other comprehensive income (loss)	48,070	523,303	182,356	753,729
Transfer out of FVTOCI	–	38	–	38
Balance, end of year	\$ 34,075	\$ 917,297	\$ 118,685	\$ 1,070,057

Amounts are recorded net of tax.

The Company recorded after-tax gains in Other comprehensive income of \$841.1 million (2024 – \$523.3 million) due to fair value changes in the Company's investments, primarily related to fair value adjustments on Wealthsimple.

Note 22. Risk management

The Company actively manages its liquidity, credit and market risks.

Liquidity and funding risk related to financial instruments

Liquidity and funding risk is the risk of an inability to generate or obtain sufficient cash in a timely and cost-effective manner to meet contractual or anticipated commitments as they come due or arise.

Our liquidity profile is structured to ensure we have sufficient liquidity to satisfy current and prospective requirements in both normal and stressed conditions. The Company's liquidity management practices include:

- Maintaining liquid assets and lines of credit to satisfy near term liquidity needs.
- Ensuring effective controls over liquidity management processes.
- Performing regular cash forecasts and stress testing.
- Regular assessment of capital market conditions and the Company's ability to access bank and capital market funding.
- Ongoing efforts to diversify and expand long-term mortgage funding sources.

- Oversight of liquidity and funding risks by an internal Financial Risk Management Committee.

A key funding requirement is the funding of advisor network compensation paid for the distribution of financial products and services. This compensation continues to be paid from operating cash flows.

The Company also maintains sufficient liquidity to fund and temporarily hold mortgages, which include home equity lines of credit (HELOCs), pending sale or securitization to long-term funding sources and to manage any derivative collateral requirements. Through its mortgage banking operations, residential mortgages are sold to third parties including certain mutual funds, institutional investors through private placements, Canadian bank-sponsored securitization trusts, and by issuance and sale of National Housing Act Mortgage Backed Securities (NHA MBS) including sales to Canada Housing Trust under the Canada Mortgage Bond Program (CMB Program).

Certain subsidiaries of the Company are approved issuers of NHA MBS and are approved sellers into the CMB Program. Capacity for sales under the CMB Program consists of participation in new CMB issues and reinvestment of principal repayments held in the Principal Reinvestment Accounts.

The Company maintains committed capacity within certain Canadian bank-sponsored securitization trusts.

The Company accesses the unsecured long-term debt markets for corporate purposes and ensures a well-diversified maturity structure to manage associated funding risks.

The Company's contractual maturities of certain financial liabilities were as follows:

As at December 31, 2025 (\$ millions)	Demand	Less than 1 year	1–5 years	After 5 years	Total
Derivative financial instruments	\$ –	\$ 6.8	\$ 8.4	\$ –	\$ 15.2
Client deposits ⁽¹⁾	4,299.1	–	–	–	4,299.1
Obligations to securitization entities	–	1,278.9	3,532.1	4.3	4,815.3
Leases ⁽²⁾	–	27.6	95.7	95.4	218.7
Long-term debt	–	–	525.0	1,875.0	2,400.0
Total contractual maturities	\$ 4,299.1	\$ 1,313.3	\$ 4,161.2	\$ 1,974.7	\$ 11,748.3

(1) Client deposits are primarily offset by client funds held on deposit.

(2) Includes remaining lease payments related to office space and equipment used in the normal course of business.

In addition to the Company's current balance of cash and cash equivalents, liquidity is available through the Company's lines of credit. The Company's lines of credit with various Schedule I Canadian chartered banks totalled \$800 million at December 31, 2025, unchanged from December 31, 2024. The lines of credit at December 31, 2025 consisted of committed lines of \$650 million and uncommitted lines of \$150 million, unchanged from December 31, 2024. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at December 31, 2025 and December 31, 2024, the Company was not utilizing its committed lines of credit or its uncommitted lines of credit.

The Company's liquidity position and its management of liquidity and funding risk have not changed materially since December 31, 2024.

Credit risk related to financial instruments

This is the risk of financial loss to the Company if a counterparty to a transaction fails to meet its obligations. The Company is exposed to credit risk through its cash and cash equivalents, client funds on deposit, mortgage portfolio, and use of over-the-counter derivatives. The Company monitors its credit risk management practices on an ongoing basis to evaluate their effectiveness.

At December 31, 2025, cash and cash equivalents of \$1,274.2 million (2024 – \$910.3 million) consisted of cash balances of \$676.7 million (2024 – \$545.0 million) primarily on deposit with Canadian chartered banks and cash equivalents of \$597.5 million (2024 – \$365.3 million). Cash equivalents are comprised of Government of Canada treasury bills totalling \$0.5 million (2024 – \$37.9 million), provincial government treasury bills and promissory notes of \$553.8 million (2024 – \$289.5 million), and bank term deposits of \$43.2 million (2024 – \$37.9 million).

The Company manages credit risk related to cash and cash equivalents by adhering to its corporate investment and counterparty credit risk management policies that outline credit risk parameters and concentration limits. The Company regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

Client funds on deposit of \$4.3 billion (2024 – \$3.7 billion) are held with Schedule I chartered banks.

At December 31, 2025, residential mortgages including HELOCs, recorded on the Company's balance sheet, of \$5.3 billion (2024 – \$5.5 billion) consisted of \$4.8 billion sold to securitization programs (2024 – \$5.1 billion), \$492.9 million held pending sale or securitization (2024 – \$405.7 million) and \$9.9 million related to the Company's intermediary operations (2024 – \$11.2 million).

The Company manages credit risk related to residential mortgages through:

- Adhering to its lending policy and underwriting standards;
- Its loan servicing capabilities;
- Use of client-insured mortgage default insurance and mortgage portfolio default insurance held by the Company; and
- Its practice of originating its mortgages exclusively through its own network of Mortgage Advisors and IG Wealth Management advisors as part of a client's IG Living Plan™.

In certain instances, credit risk is also limited by the terms and nature of securitization transactions as described below:

- Under the NHA MBS program totalling \$2.6 billion (2024 – \$2.5 billion), the Company is obligated to make timely payment of principal and coupons irrespective of whether such payments were received from the mortgage borrower. However, as required by the NHA MBS program, 100% of the loans are insured by an approved insurer.
- Credit risk for mortgages securitized by transfer to bank-sponsored securitization trusts totalling \$2.2 billion (2024 – \$2.6 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were \$53.7 million (2024 – \$62.7 million) and \$51.4 million (2024 – \$38.0 million), respectively, at December 31, 2025. Cash reserve accounts are reflected on the balance sheet, whereas rights to future net interest income are not reflected on the balance sheet and will be recorded over the life of the mortgages.

At December 31, 2025, residential mortgages recorded on the balance sheet were 52.6% insured (2024 – 48.9%).

At December 31, 2025, impaired mortgages on these portfolios were \$5.5 million, compared to \$3.5 million at December 31, 2024. Uninsured non-performing mortgages over 90 days on these portfolios were \$3.3 million at December 31, 2025, compared to \$2.1 million at December 31, 2024.

The Company also retains certain elements of credit risk on mortgage loans sold to the IG Mackenzie Mortgage and Short-Term Income Fund through an agreement to repurchase mortgages in certain circumstances benefiting the funds. These loans are not recorded on the Company's balance sheet as the Company has transferred substantially all of the risks and rewards of ownership associated with these loans.

The Company regularly reviews the credit quality of the mortgages and the adequacy of the allowance for expected credit losses.

The Company's allowance for expected credit losses was \$0.7 million at December 31, 2025, compared to \$0.8 million at December 31, 2024, and is considered adequate by management to absorb all credit-related losses in the mortgage portfolios based on: i) historical credit performance experience, ii) recent trends in interest rates, iii) current portfolio credit metrics and other relevant characteristics, iv) our strong financial planning relationship with our clients, and v) stress testing of losses under adverse real estate market conditions.

The Company's exposure to and management of credit risk related to cash and cash equivalents, fixed income securities and mortgage portfolios have not changed materially since December 31, 2024.

The Company is exposed to credit risk through derivative contracts it utilizes to hedge interest rate risk, to facilitate securitization transactions and to hedge market risk related to certain stock-based compensation arrangements. These derivatives are discussed more fully under the Market risk section.

To the extent that the fair value of the derivatives is in a gain position, the Company is exposed to credit risk if its counterparties fail to fulfil their obligations under these arrangements.

The Company's derivative activities are managed in accordance with its Derivative Policy which includes counterparty limits and other parameters to manage counterparty risk. The aggregate credit risk exposure related to derivatives that are in a gain position of \$71.6 million (2024 – \$40.4 million) does not give effect to any netting agreements or collateral arrangements. The exposure to credit risk, considering netting agreements and collateral arrangements and including rights to future net interest income, was \$33.7 million at December 31, 2025 (2024 – \$20.6 million). Counterparties are all Canadian Schedule I chartered banks and, as a result, management has determined that the Company's overall credit risk related to derivatives was not significant at December 31, 2025. Management of credit risk related to derivatives has not changed materially since December 31, 2024.

Market risk related to financial instruments

This is the risk of loss arising from changes in the values of the Company's financial instruments due to changes in interest rates, equity prices or foreign exchange rates.

Interest rate risk

The Company is exposed to interest rate risk on its loan portfolio and on certain of the derivative financial instruments used in the Company's mortgage banking operations.

The Company manages interest rate risk associated with its mortgage banking operations by entering into interest rate swaps with Canadian Schedule I chartered banks as follows:

- The Company has in certain instances funded floating rate mortgages with fixed rate Canada Mortgage Bonds as part of the securitization transactions under the CMB Program. As part of the CMB Program, the Company is party to a swap whereby it is entitled to receive investment returns on reinvested mortgage principal and is obligated to pay Canada Mortgage Bond coupons. This swap had a fair value of negative \$4.4 million (2024 – negative \$3.6 million) and an outstanding notional amount of \$0.2 billion at December 31, 2025 (2024 – \$0.3 billion). The Company enters into interest rate swaps with Canadian Schedule I chartered banks to hedge the risk that the interest rates earned on floating rate mortgages and reinvestment returns decline. The fair value of these swaps totalled negative \$0.3 million (2024 – negative \$4.3 million), on an outstanding notional amount of \$1.2 billion at December 31, 2025 (2024 – \$1.4 billion). The net fair value of these swaps of negative \$4.7 million at December 31, 2025 (2024 – negative \$7.9 million) is recorded on the balance sheet and has an outstanding notional amount of \$1.4 billion (2024 – \$1.7 billion).
- The Company is exposed to the impact that changes in interest rates may have on the value of mortgages committed to or held pending sale or securitization to long-term funding sources. The Company enters into interest rate swaps to hedge the interest rate risk related to funding costs for mortgages held by the Company pending sale or securitization. Hedge accounting is applied to the cost of funds on certain securitization activities. The effective portion of fair value changes of the associated interest rate swaps are initially recognized in Other comprehensive income and subsequently recognized in Wealth Management revenue over the term of the related Obligations to securitization entities. The fair value of these swaps was negative \$0.1 million (2024 – negative \$1.1 million) on an outstanding notional amount of \$157.2 million at December 31, 2025 (2024 – \$166.0 million).

As at December 31, 2025, the impact to annual net earnings of a 100 basis point increase in interest rates would have been an increase of approximately \$0.2 million (2024 – increase of \$0.5 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2024.

Equity price risk

The Company is exposed to equity price risk on its equity investments (Note 5) which are classified as either FVTOCI or FVTPL, and on our investments in associates (Note 9), which are accounted for using the equity method. The fair value of other investments was \$2.5 billion at December 31, 2025 (2024 – \$1.5 billion) and the carrying value of Investment in associates was \$3.8 billion at December 31, 2025 (2024 – \$4.0 billion).

The Company sponsors a number of deferred compensation arrangements where payments to participants are deferred and linked to the performance of the common shares of IGM Financial Inc. The Company hedges its exposure to this risk through the use of forward agreements and total return swaps.

Foreign exchange risk

The Company is exposed to foreign exchange risk on its investment in ChinaAMC and Rockefeller. Changes to the carrying value due to changes in foreign exchange rates are recognized in Other comprehensive income. As at December 31, 2025, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately \$120.0 million (\$132.7 million).

The Company's proportionate share of ChinaAMC's and Rockefeller's earnings, recorded in Proportionate share of associates' earnings in the Consolidated Statements of Earnings, is also affected by changes in foreign exchange rates. For the year ended December 31, 2025, the impact to net earnings of a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the Company's proportionate share of associates' earnings (losses) by approximately \$6.6 million (\$7.3 million).

Risks related to assets under management and advisement

Risks related to the performance of the equity markets, changes in interest rates and changes in foreign currencies relative to the Canadian dollar can have a significant impact on the level and mix of assets under management and advisement. These changes in assets under management and advisement directly impact earnings.

Note 23. Derivative financial instruments

The Company enters into derivative contracts which are either exchange-traded or negotiated in the over-the-counter market on a diversified basis with Schedule I chartered banks or Canadian bank-sponsored securitization trusts that are counterparties to the Company's securitization transactions. In all cases, the derivative contracts are used for non-trading purposes. Interest rate swaps are contractual agreements between two parties to exchange the related interest payments based on a specified notional amount and reference rate for a specified period. Total return swaps are contractual agreements to exchange payments based on a specified notional amount and the underlying security for a specific period. Options are contractual agreements which convey the right, but not the obligation, to buy or sell specific financial instruments at a fixed price at a future date. Forward contracts are contractual agreements to buy or sell a financial instrument on a future date at a specified price.

Certain of the Company's derivative financial instruments are subject to master netting arrangements and are presented on a gross basis. The amount subject to credit risk is limited to the current fair value of the instruments which are in a gain position and recorded as assets on the Consolidated Balance Sheets. The total estimated fair value represents the total amount that the Company would receive or pay to terminate all agreements at each year end. However, this would not result in a gain or loss to the Company as the derivative instruments which correlate to certain assets and liabilities provide offsetting gains or losses.

The following table summarizes the Company's derivative financial instruments:

	Notional amount				Credit risk	Fair value	
	1 year or less	1 – 5 years	Over 5 years	Total		Asset	Liability
2025							
Swaps							
Hedge accounting	\$ –	\$ 53,125	\$ 18,250	\$ 71,375	\$ 112	\$ 112	\$ 47
No hedge accounting	533,428	1,055,603	7,821	1,596,852	19,683	19,683	15,103
Forward contracts							
Hedge accounting	32,276	65,612	–	97,888	50,166	50,166	–
	\$ 565,704	\$ 1,174,340	\$ 26,071	\$ 1,766,115	\$ 69,961	\$ 69,961	\$ 15,150
2024							
Swaps							
Hedge accounting	\$ –	\$ 87,935	\$ –	\$ 87,935	\$ 13	\$ 13	\$ 183
No hedge accounting	451,652	1,345,304	9,691	1,806,647	21,312	21,312	25,538
Forward contracts							
Hedge accounting	23,381	64,048	–	87,429	14,697	14,697	–
	\$ 475,033	\$ 1,497,287	\$ 9,691	\$ 1,982,011	\$ 36,022	\$ 36,022	\$ 25,721

The credit risk related to the Company's derivative financial instruments after giving effect to any netting agreements was \$59.7 million (2024 – \$19.3 million).

The credit risk related to the Company's derivative financial instruments after giving effect to netting agreements and including rights to future net interest income, was \$60.1 million (2024 – \$20.6 million). Rights to future net interest income are related to the Company's securitization activities and are not reflected on the Consolidated Balance Sheets.

Note 24. Fair value of financial instruments

Fair values are management's estimates and are calculated using market conditions at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and are matters of significant judgment.

All financial instruments measured at fair value and those for which fair value is disclosed are classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation.

Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in the most advantageous market, utilizing a hierarchy of three different valuation techniques, based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than Level 1 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable or corroborated by observable market data; and

Level 3 – Unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

Markets are considered inactive when transactions are not occurring with sufficient regularity. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In those instances where traded markets are not considered sufficiently active, fair value is measured using valuation models which may utilize predominantly observable market inputs (Level 2) or may utilize predominantly non-observable market inputs (Level 3). Management considers all reasonably available information including indicative broker quotations, any available pricing for similar instruments, recent arm's length market transactions, any relevant observable market inputs, and internal model-based estimates. Management exercises

judgment in determining the most appropriate inputs and the weighting ascribed to each input as well as in the selection of valuation methodologies.

Fair value is determined using the following methods and assumptions:

Other investments and other financial assets and financial liabilities are valued using quoted prices from active markets, when available. When a quoted market price is not readily available, valuation techniques are used that require assumptions related to discount rates and the timing and amount of future cash flows. Wherever possible, observable market inputs are used in the valuation techniques.

Loans classified as Level 2 are valued using market interest rates for loans with similar credit risk and maturity.

Loans classified as Level 3 are valued by discounting the expected future cash flows at prevailing market yields.

Valuation methods used for Other investments classified as Level 3 include comparison to market transactions with arm's length third parties, use of market multiples, and discounted cash flow analysis.

Obligations to securitization entities are valued by discounting the expected future cash flows at prevailing market yields for securities issued by these securitization entities having similar terms and characteristics.

Long-term debt is valued using quoted prices for each debenture available in the market.

Derivative financial instruments are valued based on quoted market prices, where available, prevailing market rates for instruments with similar characteristics and maturities, or discounted cash flow analysis.

Level 1 financial instruments include exchange-traded equity investments and open-end investment fund units and other financial liabilities in instances where there are quoted prices available from active markets.

Level 2 assets and liabilities include fixed income securities, loans, derivative financial instruments and long-term debt. The fair value of fixed income securities is determined using quoted market prices or independent dealer price quotes. The fair value of derivative financial instruments is determined using valuation models, discounted cash flow methodologies, or similar techniques using primarily observable market inputs. The fair value of long-term debt is determined using indicative broker quotes.

Level 3 assets and liabilities include investments with little or no trading activity valued using broker-dealer quotes, loans, other financial assets, obligations to securitization entities and derivative financial instruments. Derivative financial instruments consist of principal reinvestment account swaps which represent the component of a swap entered into under the CMB Program whereby the Company pays coupons on Canada Mortgage Bonds and receives investment returns on the reinvestment of repaid mortgage principal. Fair value is determined by discounting the projected cash flows of the swaps. The notional amount, which is an input used to determine the fair value of the swap, is determined using an average unobservable prepayment rate of 15% which is based on historical prepayment patterns. An increase (decrease) in the assumed mortgage prepayment rate increases (decreases) the notional amount of the swap. Level 3 Other investments of \$2,413 million are predominantly comprised of early-stage financial technology companies, including Wealthsimple with a fair value of \$2,258 million. Fair value is determined by using observable transactions in the investments' securities, where available, discounted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies. A 5% increase (decrease) to forecasted cash flows or revenue multiples would result in an increase (decrease) in fair value of the Company's investment in Wealthsimple of approximately \$113 million.

The following table presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table distinguishes between those financial instruments recorded at fair value and those recorded at amortized cost. The table also excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. These items include cash and cash equivalents, client funds on deposit, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities, client deposits, and certain other financial liabilities.

		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
2025					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	\$ 2,412,868	\$ –	\$ –	\$ 2,412,868	\$ 2,412,868
– FVTPL	109,252	109,252	–	–	109,252
Derivative financial instruments	69,961	–	66,874	3,087	69,961
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,262,064	–	499,359	4,890,342	5,389,701
Financial liabilities recorded at fair value					
Derivative financial instruments	15,150	–	7,665	7,485	15,150
Financial liabilities recorded at amortized cost					
Obligations to securitization entities	4,815,312	–	–	4,916,463	4,916,463
Long-term debt	2,400,000	–	2,441,727	–	2,441,727
2024					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	\$ 1,350,376	\$ –	\$ –	\$ 1,350,376	\$ 1,350,376
– FVTPL	118,081	118,081	–	–	118,081
Derivative financial instruments	36,022	–	30,212	5,810	36,022
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,462,405	–	413,443	5,078,431	5,491,874
Financial liabilities recorded at fair value					
Derivative financial instruments	25,721	–	16,317	9,404	25,721
Financial liabilities recorded at amortized cost					
Obligations to securitization entities	5,024,916	–	–	5,098,441	5,098,441
Long-term debt	2,400,000	–	2,485,403	–	2,485,403

There were no significant transfers between Level 1 and Level 2 in 2025 and 2024.

The following table provides a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis. There were no transfers in or out of Level 3 in 2025 and 2024.

	Balance January 1	Gains (losses) included in Net earnings ⁽¹⁾	Gains (losses) included in Other comprehensive income	Purchases and issuances	Settlements	Balance December 31
2025						
Other investments						
– FVTOCI	\$ 1,350,376	\$ –	\$ 971,166	\$ 117,503	\$ 26,177	\$ 2,412,868
Derivative financial instruments, net	(3,594)	2,686	–	(1,703)	1,787	(4,398)
2024						
Other investments						
– FVTOCI	\$ 721,379	\$ –	\$ 604,009	\$ 25,207	\$ 219	\$ 1,350,376
– FVTPL	11,429	–	–	–	11,429	–
Derivative financial instruments, net	7,721	(12,146)	–	(1,998)	(2,829)	(3,594)

(1) Included in Wealth management revenue or Net investment income and other in the Consolidated Statements of Earnings.

Note 25. Earnings per common share

	2025	2024
Earnings		
Net earnings	\$ 1,107,002	\$ 937,439
Non-controlling interest	(6,033)	(3,925)
Net earnings available to common shareholders	\$ 1,100,969	\$ 933,514
Number of common shares (in thousands)		
Weighted average number of common shares outstanding	236,477	237,287
Add: Potential exercise of outstanding stock options ⁽¹⁾	873	322
Average number of common shares outstanding – diluted basis	237,350	237,609
Earnings per common share (in dollars)		
Basic	\$ 4.66	\$ 3.93
Diluted	\$ 4.64	\$ 3.93

(1) Excludes 16 thousand shares in 2025 related to outstanding stock options that were anti-dilutive (2024 – 451 thousand).

Note 26. Contingent liabilities and guarantees

Contingent liabilities

The Company is subject to legal actions arising in the normal course of its business. In December 2018, a proposed class action was filed in the Ontario Superior Court against Mackenzie Financial Corporation (Mackenzie) which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. This action was certified in January 2024. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie.

In late March 2023, the Company was notified by one of our third-party vendors, InvestorCOM Inc., that they were compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. The Company has notified impacted clients and offered credit monitoring at no cost for all clients. Four proposed class actions have been filed against Mackenzie concerning this incident, one of which was certified during 2025.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

Guarantees

In the normal course of operations, the Company executes agreements that provide for indemnifications to third parties in transactions such as business dispositions, business acquisitions, loans and securitization transactions. The Company has also agreed to indemnify its directors and officers. The nature of these agreements precludes the possibility of making a reasonable estimate of the maximum potential amount the Company could be required to pay third parties as the agreements often do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. Historically, the Company has not made any payments under such indemnification agreements. No provisions have been recognized related to these agreements.

Note 27. Related party transactions

Transactions and balances with related entities

The Company enters into transactions with Canada Life, which is a subsidiary of its affiliate, Lifeco, which is a subsidiary of Power. These transactions are in the normal course of operations and have been recorded at fair value:

- During 2025 and 2024, the Company provided to and received from Canada Life certain administrative services. The Company distributes insurance products under a distribution agreement with Canada Life and received \$60.8 million in distribution fees (2024 – \$60.4 million). The Company received \$63.2 million (2024 – \$62.0 million) and paid \$5.9 million (2024 – \$5.3 million) to Canada Life and related subsidiary companies for the provision of sub-advisory services for certain investment funds.

After obtaining advanced tax rulings in 2024, the Company agreed to a tax loss consolidation transaction with a subsidiary of Power whereby shares of an affiliate that has generated tax losses was acquired on December 20, 2024. The Company recognized the benefit of the tax losses realized in the fourth quarter of 2024.

On October 31, 2025, the Company invested an additional \$100 million in Wealthsimple, which is controlled by Power.

Key management compensation

The total compensation and other benefits to directors and employees classified as key management, being individuals having authority and responsibility for planning, directing and controlling the activities of the Company, are as follows:

	2025	2024
Compensation and employee benefits	\$ 4,516	\$ 4,400
Post-employment benefits	5,463	5,056
Share-based payments	6,016	3,720
	\$ 15,995	\$ 13,176

Share-based payments exclude the fair value remeasurement of the deferred share units associated with changes in the Company's share price (Note 20).

Note 28. Segmented information

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Corporate and Other

These segments reflect the Company's internal financial reporting and performance measurement.

- **Wealth Management** – reflects the activities of its core business and strategic investments that are principally focused on providing financial planning and related services to retail client households. This segment includes the activities of IG Wealth Management which is a retail distribution organization that serves Canadian households through its investment dealer and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services. This segment also includes the Company's strategic investments in Rockefeller and Wealthsimple. Rockefeller is classified as an investment in associate and accounted for using the equity method, with the proportionate share of earnings included in revenue. Wealthsimple is classified as an investment which is accounted for at FVTOCI and therefore has no impact on the segment earnings.
- **Asset Management** – reflects the activities of its core business and strategic investments primarily focused on providing investment management services. This segment includes the operations of Mackenzie Investments

which provides investment management services to a suite of investment funds that are distributed through third party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors. This segment also includes the Company's strategic investment in ChinaAMC and Northleaf which are classified as investments in associates and accounted for using the equity method. The proportionate share of earnings on these investments are included in the segment's revenue.

- **Corporate and Other** – primarily represents investments in Lifeco and Portage Ventures LPs, the Company's unallocated capital, as well as consolidation elimination entries.

2025

	Wealth Management	Asset Management	Corporate and Other	Total Segment	Adjustments ⁽¹⁾	Total
Revenues						
Wealth management	\$ 2,732,805	\$ –	\$ (15,382)	\$ 2,717,423	\$ –	\$ 2,717,423
Asset management	–	1,169,746	(108,667)	1,061,079	–	1,061,079
Dealer compensation	–	(335,632)	(6,240)	(341,872)	–	(341,872)
Net asset management	–	834,114	(114,907)	719,207	–	719,207
Net investment income and other	8,008	15,164	19,161	42,333	–	42,333
Gain on partial sales of investment in associates (Note 9)	–	–	–	–	44,578	44,578
Proportionate share of associates' earnings	11,271	158,533	112,530	282,334	(18,152)	264,182
	2,752,084	1,007,811	1,402	3,761,297	26,426	3,787,723
Expenses						
Advisory and business development	1,152,653	99,831	(9)	1,252,475	–	1,252,475
Operations and support	476,068	394,798	2,567	873,433	–	873,433
Sub-advisory	215,964	6,062	(130,289)	91,737	–	91,737
	1,844,685	500,691	(127,731)	2,217,645	–	2,217,645
	907,399	507,120	129,133	1,543,652	26,426	1,570,078
Interest expense ⁽²⁾	103,198	25,972	–	129,170	–	129,170
Earnings before income taxes	804,201	481,148	129,133	1,414,482	26,426	1,440,908
Income taxes	213,196	97,744	4,483	315,423	18,483	333,906
	591,005	383,404	124,650	1,099,059	7,943	1,107,002
Non-controlling interest	–	(6,033)	–	(6,033)	–	(6,033)
	\$ 591,005	\$ 377,371	\$ 124,650	1,093,026	7,943	1,100,969
Lifeco other items ⁽¹⁾				(18,152)	18,152	–
Gain on partial sales of investment in associates, net of tax ⁽¹⁾				26,095	(26,095)	–
Net earnings available to common shareholders				\$ 1,100,969	\$ –	\$ 1,100,969
Identifiable assets	\$ 13,834,831	\$ 4,057,093	\$ 1,873,055	\$ 19,764,979	\$ –	\$ 19,764,979
Goodwill	1,346,245	1,290,526	–	2,636,771	–	2,636,771
Total assets	\$ 15,181,076	\$ 5,347,619	\$ 1,873,055	\$ 22,401,750	\$ –	\$ 22,401,750

(1) The proportionate share of Lifeco other items and Gain on partial sales of investment in associates are not related to a specific segment and therefore excluded from segment results. These items have been adjusted to reconcile Total Segment results to the Company's Consolidated Statements of Earnings.

(2) Interest expense includes interest on long-term debt and interest on leases.

	Wealth Management	Asset Management	Corporate and Other	Total Segment	Adjustments ⁽¹⁾	Total
Revenues						
Wealth management	\$ 2,445,646	\$ –	\$ (9,544)	\$ 2,436,102	\$ –	\$ 2,436,102
Asset management	–	1,108,199	(105,517)	1,002,682	–	1,002,682
Dealer compensation	–	(325,266)	(3,902)	(329,168)	–	(329,168)
Net asset management	–	782,933	(109,419)	673,514	–	673,514
Net investment income and other	12,383	23,180	17,478	53,041	–	53,041
Proportionate share of associates' earnings	(10,067)	133,065	99,941	222,939	(10,162)	212,777
	2,447,962	939,178	(1,544)	3,385,596	(10,162)	3,375,434
Expenses						
Advisory and business development	1,033,896	86,842	(8)	1,120,730	–	1,120,730
Operations and support	463,096	371,989	2,571	837,656	–	837,656
Sub-advisory	191,379	5,643	(118,963)	78,059	–	78,059
	1,688,371	464,474	(116,400)	2,036,445	–	2,036,445
	759,591	474,704	114,856	1,349,151	(10,162)	1,338,989
Interest expense ⁽²⁾	103,255	26,124	–	129,379	–	129,379
Earnings before income taxes	656,336	448,580	114,856	1,219,772	(10,162)	1,209,610
Income taxes	178,596	94,281	3,995	276,872	(4,701)	272,171
	477,740	354,299	110,861	942,900	(5,461)	937,439
Non-controlling interest	–	(3,925)	–	(3,925)	–	(3,925)
	\$ 477,740	\$ 350,374	\$ 110,861	938,975	(5,461)	933,514
Lifeco other items ⁽¹⁾				(6,862)	6,862	–
Tax loss consolidation ⁽¹⁾				4,701	(4,701)	–
Rockefeller debt refinancing ⁽¹⁾				(3,300)	3,300	–
Net earnings available to common shareholders				933,514	–	933,514
Identifiable assets						
Identifiable assets	\$ 12,927,415	\$ 3,802,327	\$ 1,316,459	\$ 18,046,201	\$ –	\$ 18,046,201
Goodwill	1,346,245	1,290,526	–	2,636,771	–	2,636,771
Total assets	\$ 14,273,660	\$ 5,092,853	\$ 1,316,459	\$ 20,682,972	\$ –	\$ 20,682,972

(1) The proportionate share of Lifeco other items, Tax loss consolidation and Rockefeller debt refinancing are not related to a specific segment and therefore excluded from segment results. These items have been adjusted to reconcile Total Segment results to the Company's Consolidated Statements of Earnings.

(2) Interest expense includes interest on long-term debt and interest on leases.

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STOCK LISTINGS

Shares of Power Corporation of Canada are listed on the Toronto Stock Exchange:

Subordinate Voting Shares: POW

Participating Preferred Shares: POW.PR.E

First Preferred Shares, Series A: POW.PR.A

First Preferred Shares, Series B: POW.PR.B

First Preferred Shares, Series C: POW.PR.C

First Preferred Shares, Series D: POW.PR.D

First Preferred Shares, Series G: POW.PR.G

First Preferred Shares, Series H: POW.PR.H

First Preferred Shares, Series I: POW.PR.I

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.

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Montréal, Quebec; Toronto, Ontario;

Vancouver, British Columbia

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SHAREHOLDER SERVICES

Shareholders with questions relating to the payment of dividends, change of address, share certificates, direct registration and estate transfers should contact the Transfer Agent:

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